

South Australia

WorkCover Corporation (Claims Management— Contractual Arrangements) Regulations 1997

under the *WorkCover Corporation Act 1994*

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Legislative history

1—Short title

These regulations may be cited as the *WorkCover Corporation (Claims Management—Contractual Arrangements) Regulations 1997*.

2—Commencement

These regulations will come into operation on the day immediately following the day on which the time for disallowance of these regulations passes (see section 14(4a)(a) of the *WorkCover Corporation Act 1994*).

3—Authorisation of contracts

The Corporation is authorised to enter into contracts with private sector bodies that involve the conferral of the powers referred to in section 14(3) of the *WorkCover Corporation Act 1994*, other than the power to collect levies, in the form, or substantially in the form, of the contract contained in the schedule with the completion of such detail as is required to reflect the agreement reached on any outstanding matters between the Corporation and a relevant private sector body.

4—Commencement of authorisation

The authorisation under regulation 3 takes effect on 1 July 1998.

5—Effect of authorisation

A contract that is entered into by the Corporation in accordance with the authorisation provided by these regulations will remain in full force and effect as between the parties to the contract even if these regulations are varied or revoked, or the authorisation conferred by these regulations lapses, so that the contract would otherwise cease to be a contract that is authorised by these regulations.

Schedule

WORKCOVER CORPORATION OF SOUTH AUSTRALIA
[SECOND PARTY]
ACN []
CLAIMS MANAGEMENT AGREEMENT
WORKCOVER CORPORATION
of
SOUTH AUSTRALIA

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CLAIMS MANAGEMENT AGREEMENT

THIS AGREEMENT is made 1998

BETWEEN:

WORKCOVER CORPORATION OF SOUTH AUSTRALIA a statutory corporation continued in existence under the WorkCover Corporation Act 1994 ("**the Corporation**"),

AND

[**NAME OF SECOND PARTY**] [ACN], of [address of second party] ("**the Agent**").

RECITALS

- A** The Corporation is responsible for:
- (i) the administration of the WRCA particularly so as to achieve the objectives set out in section 2(1) of the WRCA; and
 - (ii) ensuring the efficient and economic operation of the workers rehabilitation and compensation scheme under the WRCA pursuant to Section 13(1)(e) of the WCA.
- B** The Corporation has determined to discharge that responsibility, in part, by entering into contracts with private sector bodies to manage and determine claims pursuant to contracts which have been authorised by regulation pursuant to Section 14(4) of the WCA.
- C** On day of 1997 the Corporation issued an invitation to bid for the provision of services relevant to the management and determination of claims.
- D** The Agent responded to the invitation to bid and, after negotiation, was determined to be a successful bidder.
- E** This Agreement records the terms upon which the Agent has agreed to provide services relevant to the management and determination of claims.

THE PARTIES AGREE as follows:

1. DEFINITIONS AND INTERPRETATION

1.1. Definitions

In this Agreement:

"**the Agents**" means the aggregate (including where the context requires or admits the Agent) of the private sector bodies from whom the Corporation is, at the relevant time, receiving services relevant to the management and determination of claims.

"**Agent's Functions**" has the meaning given to that term in Clause 5.

"**this Agreement**" or "**the Agreement**" means the aggregate of the Claims Management Agreement and the Schedules and any amendment or addition thereto contemplated by such documents.

"Claim" means any form of assertion by a person to an entitlement to receive:

- (a) money from a Nominated Employer which, if payable by that Nominated Employer, would be a liability which is insured by the Corporation pursuant to Section 105(1) of the WRCA; or
- (b) compensation from the Corporation arising out of or in respect of employment of a person by a Nominated Employer,

and includes:

- (c) such an assertion even if it is not successful;
- (d) anything which is consequential upon such an assertion being successful;
- (e) the entire amount that the person is or may become entitled to receive from the Nominated Employer or the Corporation whether or not a separate or further assertion of an entitlement to receive the same is made by the person.

"CPI" means the Consumer Price Index (All Groups) for Adelaide published by the Australian Bureau of Statistics and if it ceases to be so published for any reason it shall be replaced by any replacement index which is still published and which most closely approximates the function of such Consumer Price Index.

"Code of Conduct" means the code of conduct to be followed by the Agent in performing its functions under this Agreement as initially detailed in Schedule B but also including any amendments or additions to the same that may be made by the Corporation from time to time in the manner contemplated by this Agreement.

"Commencement Date" means the [] day of [] 19[].

"Delegated Powers" means such of the functions or powers of the Corporation as are delegated to the Agent (subject to such conditions and limitations as may be determined by the Corporation) as initially detailed in Schedule I but also including any amendments or additions to the same that may be made by the Corporation from time to time in the manner contemplated by this Agreement.

"Employer" means an employer who is entitled to be insured by the Corporation against Claims under Section 105(1) of the WRCA other than an exempt employer or group of exempt employers or at the discretion of the Corporation an employer designated by the Corporation as a "self-managed employer" or a designation having the same or a similar purpose.

"Evaluation" (or "performance evaluation" or "self-evaluation") means the methodology and standards against which the Agent's compliance with the Relevant Law, this Agreement and any procedures, manuals or guidelines issued by the Corporation in the manner contemplated by this Agreement can be assessed and determined as initially detailed in Schedule C but also including any amendments or additions to the same that may be made by the Corporation from time to time in the manner contemplated in this Agreement.

"Event of Insolvency" in relation to an Agent means any of the following events, unless occurring solely for the purposes of reconstruction or reorganisation of the Agent with the prior approval of the Corporation (not to be unreasonably withheld):

- (a) a liquidator, provisional liquidator, trustee, administrator, manager, receiver, receiver and manager or similar officer is appointed in respect of the Agent or any of its assets;

- (b) an uncontested application is made to a court for an order, an order is made or a resolution is passed for the purpose of appointing an officer referred to in paragraph (a) or for winding up, or otherwise dissolving, the Agent or for implementing a scheme of arrangement for the Agent or for placing it under official management;
- (c) a moratorium of any debts of the Agent or an official assignment or a composition or an arrangement, formal or informal, with its creditors or any similar proceeding or arrangement by which its assets are submitted to the control of its creditors is entered into, resolved to be entered into, ordered or declared;
- (d) the Agent becomes, is declared or is deemed insolvent within the meaning of any law of any applicable jurisdiction or is unable to pay, or admits in writing its inability to pay, its debts as they fall due;
- (e) a notice is issued in respect of the Agent pursuant to Section 218 of the Income Tax Assessment Act, 1936 (Commonwealth);
- (f) any distress, execution, attachment or other process affecting the Agent's assets to a material extent is made or levied against any asset of the Agent; or
- (g) anything having a substantially similar effect to any of the events specified above happens under any law of any applicable jurisdiction.

"External Service Provider" means any person from whom the Agent obtains any services where, either:

- (a) the Agent pays for those services by drawing a cheque on the WorkCover sub-account referred to in clause 9; or
- (b) the Agent pays for those services and is reimbursed by the Corporation.

"External Service Providers Conditions" means the requirements of the Corporation as to the terms of engagement and use by the Agent of External Service Providers as initially detailed in Schedule J but also including any amendments or additions to the same that may be made by the Corporation from time to time in the manner contemplated by this Agreement.

"IDEAS" means the Corporation's computer system for claims management and includes any re-designation of that system or any system introduced as a supplement to or replacement of the system existing as at the commencement of this Agreement and includes DESKTOP.

"Nominated Employer" means an Employer who has selected or been allocated to the Agent in the manner determined by the Corporation as initially detailed in Schedule E but also including any amendments or additions to the same that may be made by the Corporation from time to time in the manner contemplated by this Agreement.

"Relevant Law" means:

- (a) the WRCA and the WCA;
- (b) any statutory instrument (within the meaning of the Acts Interpretation Act 1915) made under either the WRCA or the WCA;

- (c) any Act or statutory instrument which is a "substitute" Act or statutory instrument (within the meaning of the Acts Interpretation Act 1915), of the foregoing Acts or statutory instruments;
- (d) any other law (including the common law) capable of application to a Claim;
- (e) any determination of the Corporation exercising a statutory power or discretion under the WRCA or the WCA; and
- (f) the interpretation of any of the foregoing by a review authority or by a court; as applicable in South Australia from time to time.

"**Standards of Service**" means the standards to be applied by the Agent when carrying out the Agent's Functions as initially detailed in Schedule A but also including any amendments or additions to the same that may be made by the Corporation from time to time in the manner contemplated by this Agreement.

"**Term**" means the term of this Agreement as specified in clause 3.1 and includes any extension of the term pursuant to clause 3.2.

"**Worker**" means a worker who is or was in a contract of service with a Nominated Employer.

"**WRCA**" means the Workers Rehabilitation and Compensation Act 1986 as amended.

"**WCA**" means the WorkCover Corporation Act 1994 as amended.

Any word or term that has a defined meaning in the WRCA or the WCA shall, unless the contrary intention appears, have the same meaning in this Agreement.

1.2. Interpretation Rules

In this Agreement, unless a contrary intention appears:

- 1.2.1. a reference to this Agreement is a reference to this Agreement as amended, varied, novated, supplemented or replaced from time to time;
- 1.2.2. a reference to any legislation or any provision of any legislation includes:
 - (a) all regulations, orders or instruments issued under the legislation or provision;
 - (b) any modification, consolidation, amendment, re-enactment, replacement or codification of such legislation or provision; and
 - (c) any substituted legislation or substituted provision within the meaning of Section 24 of the Acts Interpretation Act 1915 as amended.
- 1.2.3. words or expressions:
 - (a) importing the singular includes the plural and vice versa;
 - (b) importing a gender includes the other genders;
 - (c) denoting individuals include corporations, firms, unincorporated bodies, authorities and instrumentalities;
 - (d) given meaning in the body of this Agreement have the same meaning in the recitals.

- 1.2.4. a reference to a party to this Agreement or any other instrument includes that party's successors and permitted assigns;
- 1.2.5. where a word or phrase is defined or given meaning, any other part of speech or grammatical form has a corresponding meaning;
- 1.2.6. a reference to a clause number, schedule letter or annexure number is a reference to a clause, schedule or annexure of this Agreement;
- 1.2.7. a reference to \$ or dollars is a reference to Australian dollars;
- 1.2.8. a reference to bankruptcy or winding up includes bankruptcy, winding up, liquidation, dissolution, becoming an insolvent under administration (as defined in section 9 of the Corporations Law), the appointment of an administrator and the occurrence of anything analogous or having a substantially similar effect to any of those conditions or matters under the law of any applicable jurisdiction/any applicable law.

1.3. Entire Agreement

This Agreement is the entire agreement between the parties as to its subject matter. It supersedes all prior agreements, representations, conduct and understandings. The parties acknowledge that they have not relied on any representation or conduct in deciding whether to enter into this Agreement, other than as expressly provided for in this Agreement, and that no right, interest or expectation shall arise other than that expressly provided for herein.

1.4. Amendments

No amendment of, nor addition to, this Agreement is binding unless it is in writing and executed by the parties to this Agreement or is given effect to under clause 1.6.

1.5. Headings

Any heading, index, table of contents or marginal note is for convenience only and does not affect the interpretation of this Agreement.

1.6. Schedules, Recitals and Annexures

The Schedules, Recitals and Annexures to this Agreement form part of the Agreement and have effect as if set out in full in this Agreement. The Corporation may, subject to any operation of Clause 15, modify, amend or add to any of the Schedules or Annexures to this Agreement and any such modification, amendment or addition shall be subject to the operation of this clause 1.6.

2. STATEMENT OF INTENTIONS

2.1. Intention

The parties acknowledge that it is their express intention in entering into this Agreement to act consistently with:

- (a) the Corporation's objects detailed in Section 12 of the WCA; and
- (b) the objects of the WRCA detailed in Section 2(1) of the WRCA

by adopting an approach which is focussed on the fair and efficient performance of the Corporation's responsibilities. The Corporation and the Agent have agreed and will conduct themselves in the course of this Agreement consistently with those objects.

2.2. Interpretation

To the extent that the terms of this Agreement do not address a particular circumstance or are otherwise unclear or ambiguous in application in a particular case, those terms are to be interpreted and construed (so far as is consistent with the Relevant Law) by reference to the intention of the parties as described in this clause.

3. TERM

3.1. Initial Term

Subject to an earlier termination of this Agreement, the Agent has the right and the obligation to provide the Agent's Functions on the terms and conditions described in this Agreement for a period of [] years commencing on the Commencement Date and ending on the [] day of [] [].

3.2. Exercise of right of extension

Not earlier than twelve (12) months and not later than six (6) months prior to the expiration of the Term the Corporation may extend the Term for a further period nominated for that purpose by the Corporation (but not exceeding three (3) years) by giving a notice to the Agent to that effect and which shall also nominate whether the remuneration payable to the Agent during the period of the extension is to be determined pursuant to clause 10.2 or 10.3 in which latter case the extension is subject to clause 10.3.

3.3. Terms applicable upon extension

Upon exercise by the Corporation of its right to extend the Term this Agreement will be deemed to be amended by amending clause 3.1 by deleting the date nominated as the date on which the Agreement ends and inserting in lieu the date falling at the expiration of the period referred to in the Corporation's notice given under clause 3.2 but in all other respects this Agreement shall remain in full force and effect.

4. CORPORATE REQUIREMENTS AND ARRANGEMENTS

4.1. Agent's Functions to be exclusive business of Agent

The Agent shall not carry on any business other than as constituted by the provision of the Agent's Functions pursuant to this Agreement.

4.2. Not to use name "WorkCover"

The Agent cannot, under any circumstances, utilise the name "WorkCover" in either its legal or trading name or in any other manner that contravenes Section 26 of the WCA.

4.3. Notification of change of directors

The Agent shall promptly advise the Corporation in writing of any change to the composition of the Board of Directors of either the Agent or its immediate or ultimate holding company.

4.4. Notification of change of control

The Agent will notify the Corporation of:

- (a) a change in the effective control of the Agent and its immediate or ultimate holding company; or
- (b) a change in the direct or indirect ownership of the Agent; or
- (c) a change exceeding 20% of the shareholding in any period of twelve months in the Agent's holding company.

For the purposes of this Agreement, a change in effective control means a change in the shareholding of the Agent, or its immediate or ultimate holding company, whereby the voting rights attaching to the shares the subject of that change is sufficient to alter the degree of control exercised in the Agent or its immediate or ultimate holding company by the owners of those shares.

4.5. Interest in other Agents

No person or entity having a direct or indirect interest in the Agent or any person or entity in a position to control, whether directly or indirectly, the Agent or its immediate or ultimate holding company shall without the approval of the Corporation have any interest, directly or indirectly or be in a position to control, whether directly or indirectly any of the other Agents.

4.6. Annual statement of Agent's resources

The Agent shall, at the commencement of this Agreement and thereafter annually, provide a statement to the Corporation of:

- (a) the resources of the Agent which are applied in the performance of the Agent's Functions;
- (b) a statement of what resources are provided by any other organisation or entity to the Agent in or in connection with the performance of the Agent's Functions; and
- (c) a statement of the commercial arrangements for the supply of the resources referred to in (b) including details of any charges which the Agent is obliged to pay in respect of the supply of those resources.

4.7. Access to Agent's Records

The Agent agrees to provide the Corporation with full and unrestricted access to the Agent's accounts to the extent that the same describe the costs to the Agent of the performance of the Agent's Functions.

4.8. Maintain viable operation

The Agent must, when required by the Corporation, demonstrate to the Corporation's satisfaction a capacity to maintain at least such market share that is consistent with the ability of the Agent to meet the requirements of this Agreement and for the Corporation to efficiently and economically supervise the same. If the levies (excluding the effect of supplementary levies or remissions of levies) payable by the Nominated Employers in any three (3) consecutive months is less than One Hundred and Fifty Thousand Dollars (\$150,000.00) then (but without limitation) it is agreed that the Agent's market share contravenes this clause.

5. PROVISION OF THE AGENT'S FUNCTIONS

5.1. Scope of Agent's Functions

From the Commencement Date and during the Term, the Agent shall provide to the Corporation the services, functions and responsibilities to be performed and assumed by the Agent as described in this Agreement including any modification, alteration or deletion to the Schedules that may be made from time to time in the manner contemplated by this Agreement ("the Agent's Functions").

5.2. Extension for recovery functions

The Corporation may prior to or on any anniversary of the Commencement Date elect to include within the Agent's Functions the functions contained in Annexure 2 to Schedule A in which event the following provisions shall apply:

- (a) Schedule A shall be read as if Annexure 2 formed part of Part 3;
- (b) Schedule I shall be read as if paragraph 7 of the Annexure to Schedule I was deleted;
- (c) Schedule D shall be read as if the value to be attributed to C in the formula was the value relevant to the "Higher Rate"

to the intent that unless and until the Corporation so elects;

- (d) Annexure 2 to Schedule A is to have no force or effect;
- (e) Paragraph 5 of the Annexure to Schedule I is given full force and effect; and
- (f) Schedule D shall be applied on the basis that the value to be attributed to C in the formula is the value relevant to the "Lower Rate".

5.3. Agent responsible for Resources

Except as to use of External Service Providers in the manner authorised by this Agreement, the Agent shall be responsible for providing, at its own expense, all personnel, goods, services, plant, equipment and other resources required by it in the performance of the Agent's Functions.

6. STANDARD OF PERFORMANCE OF THE AGENT'S FUNCTIONS

6.1. Compliance with Relevant Law and this Agreement

In providing the Agent's Functions the Agent shall:

- (a) act in a manner consistent with the Relevant Law, including acting in a manner that ensures that the management and determination of the Claims against the Nominated Employers by the Agent on behalf of the Corporation discharges the Corporation's obligations in respect of those Claims under the Relevant Law without breach of the same; and
- (b) comply with any guidelines, directions, procedural manuals and any modifications, additions or amendments to any of the Schedules to this Agreement issued by the Corporation from time to time for the purpose of executing its functions specified in Section 13 of the WCA.

6.2. The Standards of Service

The Agent shall ensure that the Agent's Functions are carried out to the highest possible standard and, at least, to the Standards of Service. The Standards of Service outline a minimum level of service that must be met by the Agent. The Standards of Service are not a limitation upon the level of service otherwise required in order for the Agent to satisfy its obligations under this Agreement.

6.3. The Code of Conduct

The Agent shall observe the Code of Conduct.

6.4. Agent to perform Agent's Functions

While the Agent may allow a Nominated Employer to participate in managing Claims in respect of that Nominated Employer (subject to any relevant guidelines issued by the Corporation), the Agent may not sub-contract, assign or delegate any of its responsibilities for any of the Agent's Functions other than is expressly permitted by this Agreement.

6.5. Prohibition against assignment

It is expressly agreed that this Agreement is personal as between the Corporation and the Agent and is not capable of being assigned or transferred by the Agent or the Corporation unless, in the case of the Corporation, to the Crown in right of the State of South Australia or to any Minister, instrumentality, or agency of, the Crown in right of the State of South Australia.

7. PERFORMANCE EVALUATION

7.1. Agent Performance Evaluation Program

The performance of the Agent will be measured using procedures and guidelines published by the Corporation as the Agent Performance Evaluation Program.

7.2. Cessation of Agent Performance Evaluation Program

The Corporation reserves the right to amend or discontinue the Agent Performance Evaluation Program ("APEP") referred to in clause 7.1 in which event the Agent may be required by the Corporation to instigate a self-evaluation programme that establishes that the Agent satisfies the Standards of Service at the Agent's expense. The Corporation shall give the Agent at least three months' notice of a decision requiring the Agent to instigate such a self-evaluation programme.

7.3. Additional performance reporting

The Agent shall, at its own cost and in addition to its obligations under APEP, provide a report to the Corporation by its auditors on matters notified in writing by the Corporation from time to time.

7.4. Internal Audit

The Agent will be required to develop and implement an internal audit and quality assurance programme in a manner which, firstly, establishes that it satisfies the requirements of the Standards of Service and, secondly, complements the audit reports provided by the Agent's external auditors. The Agent must supply a report in accordance with the schedule established under APEP from time to time which identifies both the extent that the Agent has achieved the Standards of Service and highlights any failure to do the same.

7.5. Audits instigated by the Corporation

The Corporation shall be entitled to undertake a selective audit of the Agent to assess compliance with this Agreement using a risk based approach or (either as an alternative or in addition to such assessment) using an analysis of the information provided to the Corporation by the Agent as compared with the centralised database for all Agents or any other comparable or otherwise relevant information.

8. ACCOUNTING AND OTHER INFORMATION

8.1. Maintain adequate records

The Agent shall keep such accounting records as correctly record and explain the transactions concerning the financial position of the Claims which are the subject of the Agent's Function and maintain such records in accordance with the requirements of the Schedules and otherwise in accordance with the relevant accounting standards.

8.2. Provision of returns/reports to Corporation

The Corporation may require the Agent to supply a report (either on a regular or specific/individual basis) as to any matter relevant to the undertaking of the Agent's Functions. The Agent shall ensure the accounting returns and any information, data or reports required by the Corporation are accurate and are lodged with the Corporation within the times specified by the Corporation. Any such return or report may (but need not) be used or relied upon by the Corporation for the purpose of the evaluation of the Agent's performance of the Agent's Functions or as a basis for undertaking any further form of analysis, audit, review or evaluation of the Agent's performance of the Agent's Functions.

8.3. Declarations of payments

The Agent shall, at its own cost and at such intervals as the Corporation or a Nominated Employer determines, disclose by declaration to the Corporation or that Nominated Employer, the nature and amount of any payments made to the following classes of persons in respect of Claims in respect of that Nominated Employer (or generally in the case of the Corporation):

- (a) workers;
- (b) External Service Providers.

8.4. Information the property of the Corporation

The Agent agrees that all information that it receives from the Corporation, the Nominated Employers or workers or which it receives or creates in or in the course of providing the Agent's Functions shall be and remain the property of the Corporation. The Agent further agrees that:

- (a) the Corporation shall be entitled, upon the giving of reasonable notice and subject to such conditions or requirements as may be necessary to preserve the continuity of the performance of the Agent's Functions and the ability of the Agent to comply with this Agreement, to enter upon the premises of the Agent and inspect and review the same including the taking of copies and other extracts of such documents or to require specific elements (including files) to be forwarded to the Corporation or to provide access to a nominated third party;

- (b) the Corporation shall be entitled to have possession and control of the same at the expiration or sooner termination of this Agreement; and
- (c) all information concerning completed or finalised Claims shall be delivered to the Corporation when so required by the Corporation.

8.5. Access by the Corporation's auditors

The Agent shall provide to the Corporation and its auditors (including the Auditor-General and the Corporation's internal audit staff) (collectively, "**auditor representatives**") access, at all reasonable times and after reasonable notice, to:

- (a) the facilities from which the Agent is providing the Agent's Functions;
- (b) the Agent's personnel providing the Agent's Functions and the External Service Providers; and
- (c) data, records and systems relevant to the performance of its obligations relating to the Agent's Functions and the calculation and/or allocation of costs related thereto that are paid or reimbursed by the Corporation

for the purpose of:

- (d) performing audits and inspections of the Corporation and its business;
- (e) verifying the integrity of information stored or generated by the Corporation in respect of its statutory functions;
- (f) examining systems that generate, modify and store such information;
- (g) auditing the remuneration and other expenses charged to the Corporation under or as contemplated by this Agreement.

The foregoing audit rights shall include, to the extent applicable to the Agent's Functions and to charges therefor, technical reviews and audits of (i) practices and procedures, (ii) systems, (iii) information and data generated by the Agent and (iv) general controls and security practices and procedures, as well as any audits necessary to enable the Corporation to meet applicable regulatory requirements. The Agent shall give the Corporation's audit representatives such reasonable assistance as they require to perform the functions referred to in this paragraph. The Agent shall co-operate with the Corporation or its designees in connection with audit functions and with regard to examinations by regulatory authorities. The Corporation's audit representatives shall comply with the Agent's reasonable security and confidentiality requirements.

8.6. Basis of audit

The Corporation's rights under this clause to audit the remuneration payable to the Agent and the calculation and/or allocation of costs related to the costs and expenses incurred by the Agents in the performance of the Agent's Functions are limited (unless otherwise expressly provided in this Agreement) to the extent necessary to verify that the remuneration and costs and expenses reimbursable by the Corporation and other amounts payable by the Corporation have been properly calculated and are properly chargeable to the Corporation under the terms of this Agreement.

8.7. Terms of engagement of External Service Providers

If the Agent engages an External Service Provider then the Agent shall ensure that its contract or arrangements with the External Service Provider gives the Corporation the same rights with respect to the conduct of audits of the External Service Provider's practices and procedures, systems, facilities, data and records as the Agent has agreed to give the Corporation pursuant to this Agreement.

8.8. Access to Agent's reports

- (a) The Agent shall promptly make available to the Corporation relevant extracts of any review or audit conducted by the Agent or its holding company (including internal and external auditors), relating to any actual or suspected breach of this Agreement by the Agent or any actual or suspected overcharging or other material error in relation to any amounts payable by the Corporation pursuant to this Agreement.
- (b) If any audit or examination reveals that any amount included in or the total of any invoice as payable by the Corporation or paid by the Agent by drawing on the Agent's WorkCover sub-account referred to in Clause 9 is overstated by an amount in excess of fifty dollars (\$50.00) the Agent shall, in addition to refunding the excess, pay or reimburse the Corporation for the cost to the Corporation and/or the Corporation's auditor of the audit or examination. The Corporation may offset any amount owing or repayable by the Agent to the Corporation pursuant to this Agreement from any amount which is owing or payable by the Corporation to the Agent pursuant to this Agreement.
- (c) Any restrictions on the rights of the Corporation with respect to audit and inspection set out in this clause are subject to, and do not limit, the rights and powers of the Auditor-General pursuant to any law.

8.9. Employee information

- (a) At the Commencement Date and at the expiration of each subsequent period of six (6) months during the Term the Agent shall provide to the Corporation the following detail in respect of each employee of the Agent concerned with the performance of the Agent's Functions:
 - (i) surname, first and second names;
 - (ii) residential address;
 - (iii) residential telephone number; and
 - (iv) date of birth.
- (b) The Corporation may only use the information provided under paragraph (a) for purposes associated with the prevention and detection of fraud against the Corporation.
- (c) The Corporation shall restrict access to the information provided under paragraph (a) to personnel concerned with fraud prevention and detection.

9. PAYMENT OF CLAIMS AND EXPENSES

9.1. Use of Agent's WorkCover sub-account

The Agent shall pay monies lawfully due and payable in respect of the Claims or expenses incurred in the performance of the Agent's Functions in accordance with this Agreement by drawing cheques from a nominated WorkCover sub-account which is specific to the Agent in accordance with the Corporation's written procedures for the same (as reviewed from time to time) and providing them to their proper payees. It is further agreed that:

- (a) information for drawing cheques to pay Claims or other authorised amounts shall be accurately entered into the Corporation's computer system either on line or batch with sufficient detail to identify each underlying cost item on a line by line basis;
- (b) the Corporation will generate such cheques in a form incorporating the Agent's name or other designation and debit the Agent's sub-account directly.

9.2. Engaging of External Service Providers

The Agent shall comply with the External Service Providers Conditions when engaging and using External Service Providers.

9.3. Unauthorised payments by the Agent

- (a) For the purposes of this clause a payment made by the Agent and reimbursed by the Corporation or made by the Corporation as a result of the Agent accessing the Agent's WorkCover sub-account will be regarded as an "unauthorised payment" if any one or more of the following qualifications are met:
 - (i) the payment is made without deduction from or set-off of any amount which the Corporation is legally obliged to deduct or set-off and where the fact of such legal obligation is or ought reasonably to have been known to the Agent;
 - (ii) the payment is made in excess of a quantum which is prescribed by the Relevant Law or any exercise by the Corporation of its rights under Schedule J;
 - (iii) the payment is one which the Agent knows or ought reasonably to have known that the Corporation is not legally obliged to make (including without limitation the payment of any accounts more than once);
 - (iv) the payment is made by the Agent in breach of this Agreement including without limitation a payment made unnecessarily, without authorisation or contrary to the direction of the Corporation.
- (b) An Agent will, for the purposes of this clause, be taken to know a particular matter if it is known by an employee, officer or solicitor of the Agent or evidence or material of the same is contained within any documentary or electronic material or information held by or available to the Agent or any instructions of any form provided to the Agent. An Agent will be taken as being ought reasonably to know a particular matter if (but without limitation) an alert or like device on any computer system available to the Agent draws attention to that matter whether in a specific or general form.
- (c) The Agent must notify the Corporation if an unauthorised payment has occurred within such periods or intervals as the Corporation determines.

- (d) The Agent must, unless a contrary agreement is made between the Corporation and the Agent, pay to the Corporation an amount equivalent to the unauthorised payment. If the Agent's payment to the Corporation is made later than thirty (30) days after the unauthorised payment was expended by the Corporation then the Agent shall, unless a contrary agreement is made between the Corporation and the Agent, pay interest at the prescribed rate for the purposes of Section 71(i)(a) of the WRCA from the expiration of the thirty (30) day period until the date of payment to the Corporation.
- (e) If and only if the Agent makes the payment referred to in paragraph (d) then:
 - (i) the Agent may exercise its rights of recovery of the unauthorised payment from any relevant third party; and
 - (ii) the Corporation shall pay to the Agent any amount that it receives by way of repayment of the unauthorised payment (other than the payment made by the Agent under paragraph (d)).
- (f) The Agent shall report to the Corporation the amount of any recovery from a third party of an unauthorised payment.
- (g) Notwithstanding anything else contained in this clause 9 the Agent shall pay to the Corporation any amount received by way of a recovery or reimbursement of an unauthorised payment if the Agent has not paid to the Corporation an amount equal to the full amount of the unauthorised payment.

10. REMUNERATION

10.1. Calculation of remuneration

Subject to the other provisions of this Agreement, in consideration of the performance during the Term of the Agent's Functions by the Agent, the Corporation shall pay to the Agent the remuneration calculated in the manner specified in Schedule D.

10.2. Adjustment of the Agent's remuneration upon extension of the Term by reference to CPI movements

If the Corporation exercises a right under clause 3.2 to extend the Term and nominates that the remuneration payable to the Agent during the period of that extension is to be determined in accordance with clause 10.2 then the remuneration payable in respect of the period of that extension shall be calculated in accordance with the following formula:

$$A = \frac{B \times C}{D}$$

Where:

A is the monthly fee payable to the Agent during the period of the extension;

B is the amount that would have been payable to the Agent under Schedule D in respect of the relevant month but for the operation of this clause 10.2;

C is the latest published CPI for a full calendar quarter preceding the expiration of the month for which the Agent's remuneration is being determined;

D is the CPI for the full calendar quarter ending on or immediately preceding the midpoint of the initial period of the Term or, if clause 10.3 has applied to any extension of the Term, the period of the last of any such extension.

10.3. Adjustment of the Agent's Remuneration upon extension of the Term by negotiation

If the Corporation exercises a right under clause 3.2 to extend the Term and nominates that the remuneration payable to the Agent during the period of such extension is to be determined in accordance with clause 10.3 then, not later than 6 months prior to the date upon which it is intended that the period of extension should commence, the Corporation and the Agent shall agree what adjustment, if any, to the Agent's remuneration should apply for the period of such extension. It is expressly agreed that the process by which the Corporation and the Agent attempt to agree such remuneration may include the Agent participating in a bidding process with other Agents (or some of them) or third parties which are not Agents. If there shall be no binding and enforceable agreement between the Agent and the Corporation by that time as to the remuneration to be payable to the Agent then, notwithstanding the operation of clause 3.2 and the notice given by the Corporation, there shall be no period of extension of this Agreement and the Agreement shall come to an end as if the Corporation had not issued the relevant notice under clause 3.2.

10.4. Adjustment of the Agent's remuneration to reflect changed circumstances

In the circumstances referred to in paragraphs (a), (b) or (d) either the Agent or the Corporation or in the circumstance referred to in paragraph (c) the Corporation may require an adjustment of the Agent's remuneration (each such circumstance being an "Adjustment Event"):

- (a) a change to the Relevant Law which substantially increases or decreases the net overall cost to the Agent of performing the Agent's Functions (assuming for that purpose that the Agent will use available best practice to reduce the cost of providing the Agent's Functions);
- (b) an amendment by the Corporation of a Schedule to this Agreement which has the effect of substantially increasing or decreasing the net overall cost to the Agent of performing the Agent's Functions (assuming for that purpose that the Agent will use available best practice to reduce the cost of providing the Agent's Functions) other than any amendment which is designed to and substantially has the effect of redressing or ameliorating the consequences of a failure by the Agent to perform the Agent's Functions in a manner or to an extent which satisfies the requirements of this Agreement;
- (c) the use by the Agent of External Service Providers to an extent or in a manner that replaces or duplicates work within the scope of the Agent's obligation to perform the Agent's Functions and so increases the net overall cost to the Corporation of the Agent's performance of the Agent's Functions; or
- (d) a change to the basis of the calculation of levies payable by employers which substantially affects the calculation of the Agent's remuneration.

10.5. Determination of quantum of adjustment

In the event that either party requires an adjustment of the Agent's remuneration because of the occurrence of an Adjustment Event the Agent and the Corporation shall negotiate in good faith with a view to agreeing an adjustment to the Agent's remuneration. If the parties are unable to agree as to the entitlement to or quantum of the adjustment then the entitlement to (if in dispute) and quantification (in either case) of the adjustment of the Agent's remuneration ("**the Dispute**") shall be determined by the Minister of the Crown to whom has been committed the administration of the WRCA ("**Minister**") conducted in accordance with the following procedures:

- (a) Either the Agent or the Corporation may refer the Dispute to the Minister under this clause provided that no referral to the Minister may be undertaken within 12 months of the last to occur of any of the following:
 - (i) the commencement of this Agreement;
 - (ii) the commencement of the last extension of the term of this Agreement where the remuneration payable to the Agent during the period of that extension has been determined in accordance with Clause 10.3;
 - (iii) the date of the last preceding referral of any other matter for determination by the Minister under this clause; or
 - (iv) the date of the last agreement, if any, by the Agent and the Corporation to adjust the Agent's remuneration because of the occurrence of an Adjustment Event.
- (b) Within thirty (30) days of a Dispute being referred to the Minister for arbitration under this clause the Agent and the Corporation must each submit to the Minister its proposal for the adjustment of the Agent's remuneration. The proposal must be in a form which indicates the precise extent of the proposed uniform adjustment to both elements of variable C in the formula specified in Schedule D and the Minister may require a party to clarify a proposal if it does not do so. If a party fails to submit to the Minister a proposal that complies with this clause then the Minister must give a notice to that party requiring that party to submit a complying proposal to the Minister within a further seven (7) days. If only one party submits a complying proposal within the further time so allowed then the Minister shall determine the dispute in accordance with the proposal that has been submitted by the other party. If neither party has submitted a complying proposal within the time required then the Minister shall determine the dispute on the basis that there is no adjustment of the Agent's remuneration. Where there is a dispute as to the entitlement of a party to require an adjustment of the Agent's remuneration, the submission of a proposal by the other party shall not prejudice that party's ability to argue that the other party is not entitled to require an adjustment to the Agent's remuneration.

- (c) If the Minister receives complying proposals from both parties then the Minister shall disclose each party's proposal to the other and, unless the Corporation and the Agent jointly instruct the Minister to the contrary, the Minister shall appoint a mediator who shall facilitate negotiations between the Corporation and the Agent to agree an adjustment to the Agent's remuneration. The determination by the Minister shall not proceed unless either the parties jointly instruct the Minister to proceed or the mediator provides a certificate to the Minister to the effect that the mediator is satisfied that no further useful purpose would be served by continuing negotiations for the adjustment of the Agent's remuneration. The costs of the mediator shall be borne equally by the Agent and the Corporation.
- (d) The Corporation and the Agent may each, within seven (7) days of either instructing the Minister to proceed or the mediator providing a certificate to the Minister that no further useful purpose would be served in continuing negotiations, give a notice to the Minister nominating that it is their intention to amend their proposal. If, within the seven day period the Minister receives such notices from the Corporation and the Agent, the Minister shall notify both parties accordingly and both parties shall be entitled within a further period of seven (7) days after such notification to provide an amended proposal which shall then become their proposal for the purposes of the determination by the Minister. If the Minister has only received one such notice during the initial seven day period then the Minister shall notify both parties accordingly and:
- (i) the party who gave the notice shall be entitled within a further period of seven (7) days after notification from the Minister to submit an amended proposal to the Minister which shall then become its proposal for the purposes of the arbitration; and
 - (ii) if the party who gave the notice submits an amended proposal to the Minister the Minister shall provide a copy of the same to the other party and that other party shall be entitled within a further period of seven (7) days after receiving the copy of the amended proposal to amend its proposal and that proposal shall become its proposal for the purposes of the arbitration.

Any amended proposal must:

- (iii) be a proposal that complies with paragraph (c) and, if not, shall be treated as not amending the initial proposal;
 - (iv) in the case of the Corporation be a proposal to increase the Agent's remuneration from that proposed in the Corporation's initial proposal and, in the case of the Agent, be a proposal to decrease the Agent's remuneration from that proposed in the Agent's initial proposal; and
 - (v) be submitted to the Minister within the time required and be provided by the Minister to the other party so that, as at the commencement of the arbitration, both parties are in receipt of a copy of the other party's final proposal.
- (e) A decision of the Minister under this clause will be final and binding upon the Corporation and the Agent as to the determination of the Dispute and will not be subject to challenge or appeal in Court or otherwise.

- (f) The Corporation and the Agent must continue to perform their obligations under this Agreement in a timely fashion notwithstanding that they have been unable to agree as to the adjustment to the Agent's remuneration or that the same is subject to determination by the Minister.
- (g) The Minister shall apply the following criteria in determining the relevant adjustment:
 - (i) the Minister may only select as the outcome of the determination, a final proposal put by either of the Corporation or the Agent;
 - (ii) the Minister must select whichever proposal more closely accords with the Minister's assessment of the adjustment of the Agent's remuneration which satisfies the requirements of this Agreement ("the Nominal Outcome");
 - (iii) the Nominal Outcome must be one which adjusts, if at all, the remuneration payable to the Agent taking into account all the Adjustment Events relied on by the parties to the dispute and which have occurred after the last of the dates referred to in paragraph (a) above and before the referral of the dispute to the Minister;
 - (iv) the Nominal Outcome shall not reassess or re-value the Agent's remuneration to the extent that the same reflects remuneration agreed between the Agent and the Corporation for the performance of the Agent's Functions other than to have regard to any circumstances expressly permitted by clause 10.4.
 - (v) no increase or decrease shall be determined or allowed if, by virtue of the operation of Schedule D, a sufficient allowance has been made for the Adjustment Event or, if an allowance in part, then the Nominal Outcome shall be adjusted to allow for the extent to which the operation of Schedule D has allowed for the Adjustment Event.

10.6. Amendment of Schedule D

Schedule D shall be deemed to be amended so as to give effect to any adjustment of the Agent's remuneration:

- (a) agreed by the Agent and the Corporation; or
- (b) determined by the Minister

with effect as and from the date so agreed or determined for that purpose.

11. COMPUTER SYSTEMS

The Agent will comply with the Corporation's requirements as are initially specified in Schedule F and any modifications, amendments or additions to the same that may be made by the Corporation from time to time in the manner contemplated by this Agreement.

12. SECURITY

12.1. Provision of appropriate security system

The Agent is to ensure that it has in place at all times during the period of this Agreement an appropriate security system which ensures the confidentiality of all information in its custody and possession obtained by it in the performance of the Agent's Functions including without limitation any information provided by the Corporation which is designated confidential and any person's Tax File Number.

12.2. Pre-commencement procedure

The Agent must, when required, satisfy the Corporation that its security system meets the requirements of clause 12.1 before the commencement of the operation of this Agreement.

12.3. Comply with Section 112 of the WRCA

The Agent agrees that it shall comply and cause or procure its employees, External Service Providers and agents to comply with the provisions of Section 112(1) of the WRCA and shall not divulge information in a manner which is not authorised by Section 112(2) of the WRCA and shall only disclose information of the type authorised by Section 112(2) with the express written permission of the Corporation.

12.4. Information relevant to the administration of the WorkCover Scheme

If an Agent:

- (a) has information which in the opinion of the Agent, may be relevant to the administration of the WRCA; or
- (b) believes that the Corporation or another of the Agents has or may have information relevant to the performance of the Agent's Functions

the Agent shall advise the Corporation and the Corporation shall take such steps to deal with or obtain such information as it considers appropriate.

12.5. Indemnity

The Agent indemnifies the Corporation against any claims, suits, proceedings, damages or losses arising from, or as a result of, any breach by the Agent of this clause 12.

13. TRANSITIONAL AND OPERATIONAL ARRANGEMENTS

13.1. Accreditation of staff

Staff of the Agent carrying out functions associated with the delivery of the Agent's Functions must, as at the commencement of this Agreement, hold the relevant accreditation determined for that purpose by the Corporation or operate under such transitional arrangements that are approved for that purpose by the Corporation. Accredited staff of the Agent shall be permitted or directed by the Agent to be engaged or employed in any duties or functions not concerned with the performance of the Agent's Functions without the consent of the Corporation.

13.2. Provision of certificate of readiness

The Agent cannot commence to perform any function under this Agreement until a 'Certificate of Readiness' as detailed in Schedule H has been completed.

14. DELEGATIONS

The Corporation delegates the Delegated Powers to the Agent to exercise during the Term subject to the provisions of the WCA and the WRCA and the exceptions and conditions determined from time to time by the Corporation as initially referred to in Schedule I on the basis that the making of this delegation shall not exclude or limit the Corporation's power to exercise any power or function so delegated.

15. CONSULTATION

15.1. Consultation as to policy and procedure

The Corporation and the Agent agree that they will engage in consultative processes which are to be used in instances where the Corporation is developing policy and procedures which are to be implemented pursuant to this Agreement and to provide mechanisms for early intervention and quick resolution of any matters of concern.

15.2. Example of Consultative Process

As an example of the process referred to in clause 15.1, the Corporation and the Agent agree that the process by which the Corporation develops its position as to the application of this Agreement in respect of the nature, extent and quality of the Agent's Functions will include consultation between the Corporation and the Agent.

16. NO GOODWILL

16.1. No goodwill in Agent's Functions or Nominated Employers

The Agent acknowledges that it will neither create nor acquire any goodwill in the undertaking of the Agent's Functions or in respect of the Nominated Employers.

16.2. No right of renewal or extension

The Agent has no right, claim or entitlement to a renewal or extension of this Agreement (whether or not the Corporation exercises a right to extend the term of any of the agreements it has with other Agents).

16.3. Corporation may enter into further Claims Management Agreements

The Corporation retains the right to enter into further agreements from time to time with respect to the receipt of services relevant to the management and determination of Claims.

17. CO-OPERATION

Without diminishing the obligations of the parties elsewhere under this Agreement:

- (a) each party shall co-operate with the other to achieve the objectives of this Agreement and the due performance by each of the parties of their respective obligations under this Agreement; and
- (b) each party shall participate fully in the activities of the various committees and working groups formed for the purposes of the activities contemplated by this Agreement, and shall provide all necessary and reasonable assistance, support and reserves to such committees and groups as to facilitate the discharge of their functions and duties in accordance with the spirit of this Agreement.

18. BROKERS

18.1. Definition of "Broker"

A person acting as an Agent or intermediary as between the Agent and an Employer shall, in this clause, be called a "Broker".

18.2. Certain payments to Brokers prohibited

An Agent may not make a payment to a Broker to do anything in or in connection with the Agent's Functions.

18.3. Payments to Brokers not basis for adjustment of remuneration

Nothing paid by an Agent to a Broker under any circumstances will be treated as expenses of the Agent which are relevant to any consideration as to whether there should be an adjustment of the remuneration payable to the Agent in the manner referred to in clause 10 of this Agreement.

19. TERMINATION PRIOR TO EXPIRY OF TERM

19.1. Termination on Failure of Authorisation

This Agreement shall automatically terminate, without either party having any claim or entitlement against the other party (other than may have already accrued), if this agreement ceases to be authorised in the manner required by Section 14(3) of the WCA.

19.2. Termination on Bankruptcy

If an Event of Insolvency occurs the Corporation may terminate this Agreement forthwith by a notice in writing to that effect to the Agent.

19.3. Force Majeure

If for any reason:

- (a) the Corporation ceases to substantially perform the functions under the WCA and the WRCA which it performs at the commencement of this Agreement; or
- (b) the Commonwealth of Australia or any statutory body established by the Commonwealth of Australia offers a form of workers compensation indemnity to entities to which it does not currently offer the same so as to materially affect the extent of the application of the WorkCover Scheme in South Australia; or
- (c) there is any other like adverse change to the circumstances currently applicable to the WorkCover Scheme in South Australia which is beyond the control of either the Agent or the Corporation

then the Corporation may terminate this Agreement by giving not less than three (3) months' notice in writing of its intention so to do to the Agent in which event neither the Corporation nor the Agent shall have a claim against the other in respect of any matter other than an entitlement that arose prior to the effective date of such termination.

19.4. Interaction with Schedule G

Nothing contained in this clause 19 limits or otherwise affects the operation of Schedule G.

20. DEFAULT PROCEDURES

The Corporation and the Agent agree to comply with the procedures contained in Schedule G.

21. STEP-IN RIGHTS

21.1. Step-in Rights

The Corporation may, at any time after giving notice to the Agent of its intention and grounds to do so, exercise Step-in Rights as described in clause 21.2, if and to the extent the Corporation considers in its sole discretion necessary (having regard to any other courses of action available to it pursuant to this Agreement):

- (a) to deal with any circumstance which in the opinion of the Corporation is best dealt with by the Corporation directly rather than by the Agent on its behalf;
- (b) to remedy, mitigate or avoid any adverse effects of a material breach by the Agent of any of its obligations under this Agreement.

21.2. Permitted Steps

Each of the following constitute Step-in Rights exercisable by the Corporation, either by itself or through its nominee of whom it has given notice to the Agent, in accordance with this clause:

- (a) full-time or part-time management, or carrying out, of the management and determination of a Claim, an element of a Claim or Claims of a particular class;
- (b) total or partial performance of the Agent's Functions;
- (c) directing the Agent to take such steps as the Corporation considers necessary or desirable in relation to a Claim or Claims of a particular class or the provision of the Agent's Functions (in which case the Agent shall comply with each such direction);
- (d) such other steps as the Corporation considers, in its absolute discretion, necessary or desirable in the circumstances; and
- (e) ceasing to exercise any of the foregoing steps.

21.3. Assistance

The Agent shall assist the Corporation or its nominee to the extent that the Agent is reasonably able in the exercise of Step-in Rights including, without limitation, by allowing the Corporation or its nominee to use any or all of the Agent's files relevant to the claims, systems and procedure and equipment and by making the Agent's personnel available to provide assistance as requested by the Corporation.

21.4. Costs

- (a) If the Corporation exercises Step-in Rights as a result of any material breach by the Agent of its obligations under this Agreement:
 - (i) the Agent shall reimburse the Corporation for any costs or expenses reasonably incurred by the Corporation in exercising those rights (either itself or through its nominee);
 - (ii) the Agent shall be responsible for any costs incurred by the Agent in consequence of the exercise of those rights by the Corporation, including the cost of providing assistance pursuant to clause 21.3; and

- (iii) to the extent that the Agent is relieved of its obligation to perform certain of the Agent's Functions pursuant to clause 21.5, the Corporation shall be entitled to deduct from the remuneration otherwise payable to the Agent such amount as the Corporation reasonably determines is fairly attributable to such of the Agent's Functions as the Agent is relieved from performing.
- (b) If the Corporation exercises Step-in Rights for any other reason, the Corporation shall reimburse the Agent its direct costs incurred in providing assistance to the Corporation or its nominee in accordance with clause 21.3.

21.5. Suspension of Obligations

If the Corporation exercises Step-in Rights, the Agent is relieved of its obligations under this Agreement during the period in which the Corporation continues to exercise Step-in Rights to the extent that performance of the same would conflict with or is otherwise precluded by anything done by the Corporation in the exercise of such Step-in Rights but otherwise the obligations of the Agent under this Agreement shall be unaffected. The exercise by the Corporation of its Step-in Rights shall:

- (a) not constitute a waiver by it of any rights against the Agent; or
- (b) operate to relieve the Agent from liability for any act or omission prior to the exercise by the Corporation of such rights.

22. WARRANTIES AND COVENANTS

22.1. Warranty as to Capacity

The Agent warrants that it has the skill, facilities, capacity and staff necessary to perform the Agent's Functions effectively, efficiently and economically and so as to satisfy its obligations under this Agreement;

22.2. Warranty as to Staff

The Agent warrants that subject to Schedule E it will ensure that:

- (a) only staff that have the appropriate accreditation will have charge of, and maintain close supervision of, each Claim which is the subject of the Agent's Functions; and
- (b) such staff in aggregate are able and are available to perform all of the functions to be performed by the Agent under this Agreement in compliance with the terms of the same.

22.3. Warranty as to Year 2000 compliance

The Agent warrants that all of its systems and services used in the performance of the Agent's Functions are and will be unaffected by the occurrence of the year 2000.

23. MISCELLANEOUS PROVISIONS

23.1. Waiver

A party's failure or delay to exercise a power or right is not a waiver of that right, and the exercise of a power or right does not preclude the future exercise of that or any other power or right. No waiver or concession as to the application or effect of this Agreement or anything contemplated to be done pursuant to this Agreement shall have any force or effect if not in writing.

Part 3—describes in detail nominated functions to be performed by the Agent which:

- are agreed to fall within the general description contained in Part 2 but are not an exhaustive description of all the functions that fall within Part 2;
- are not to be read as limiting the scope of the description of the functions contained in Part 2; and
- if in conflict with the general description contained in Part 2, override the general description to the extent of such conflict.

Part 4—describes in general terms the service standards to be observed by the Agent when performing the Agent's Functions under this Agreement on the basis that:

- if the detailed standards of service referred to in Part 5 do not apply, the general principles must be applied to determine the required standard of service;
- Parts 4 and 5 shall be read together so as to give an overall statement of the required standards of service of the Agent when performing the Agent's Functions.

Part 5—describes in detail nominated standards of service to be observed by the Agent which:

- are agreed to fall within the general description of the service standards contained in Part 4 but are not an exhaustive description of all of the requirements of the standards of service described in Part 4;
- are not to be read as limiting the scope of the description of the service standards contained in Part 4;
- if in conflict with the general service standards contained in Part 4, override the general service standards to the extent of such conflict;
- are intended to correlate to the nominated functions contained in Part 3 on the basis that they will establish the measurement criteria by which the Corporation will assess the extent to which those nominated services have been provided to the nominated required standard.

1.2. Interaction of this Schedule with the balance of the Agreement

This Schedule will also be read as subject to the operation of the balance of the Agreement on the basis that:

- the Agent shall, in addition to fulfilling the requirements of this Schedule, do such other things as may be required to satisfy the balance of the Agreement insofar as it may apply to the Agent's Functions and standards of service;
- if the balance of the Agreement is in conflict with this Schedule (in that compliance with one requires a breach of the other) this Schedule will override the balance of the Agreement to the extent of such conflict.

Part 2—General Description of the Agent's Functions

2.1. Overall Description of Claims Functions

The Agent must carry out the entirety of the functions which are necessary for or incidental to the receipt, assessment, determination, payment, administration, review, finalisation and recording of a Claim on the basis that the same includes, subject to any contrary provision of this Agreement:

- all the things that the Corporation has done, prior to entering into agreements authorised under Section 14(4) of the WCA in respect of the receipt, assessment, determination, payment, administration, review, finalisation and recording of a Claim;
- all the things that are necessary for or incidental to the efficient and economic administration of the Relevant Law with respect to a Claim;
- all the things which might become necessary for or incidental to the receipt, assessment, determination, payment, administration, review, finalisation and recording of a Claim by reason of any change in the Relevant Law;
- all the things specified in or contemplated by the description of the service standards contained in Parts 4 and 5 of this Schedule;
- the giving of effect to such procedures, measures and actions as the Corporation reasonably considers necessary in order to investigate, determine, restrict and prevent fraud or excessive or dishonest Claims or to take such other actions, for or in relation to Claims or payments of compensation pursuant to the WRCA and to obtain information, particulars and statistics from such sources as the Corporation may consider necessary or desirable.

Subject to the operation of Clause 5.2 the Agent's Functions do not include the recovery of moneys due or claimable by the Corporation under the provisions referred to in paragraph 5 of the Annexure to Schedule I except to the extent that the Corporation may authorise the Agent to use those powers generally or in respect of any particular case.

2.2. Overall description of Claims Recording and Reporting Functions

The Agent must record and retain all material data concerning any Claim which is the subject of the Agent's Functions and submit reports and provide access to that data in such manner as the Corporation may reasonably require from time to time including:

- the provision of monthly budget forecasts for all Claims the subject of the Agent's Functions including a commentary supporting variations to the forecasts;
- the entry of all Claims the subject of the Agent's Functions on IDEAS;
- the processing via IDEAS of approved payments of Claims;
- an ongoing analysis of Claims by payment type sufficient to monitor relevant trends;
- a daily update in the general ledger;
- quarterly performance reports;

- any information required to be supplied in order to meet the Board's or the Corporation's reporting requirements;
- any information that may be required by the Statutory Advisory Committee; and
- any information required to be supplied to the Minister, a House of Parliament or any committee of the Parliament or to respond to any question concerning the operation of the Corporation which has been asked in Parliament.

2.3. Overall description of Claims Analysis Functions

The Agent must prepare such qualitative or quantitative analysis of the data required to be recorded and retained by the Agent pursuant to this Agreement as the Corporation may reasonably require from time to time.

2.4. Overall description of Risk Management Functions

The Agent must satisfy the Corporation's minimum requirements for injury prevention, risk management and other occupational health and safety services, principally:

- Promote Occupational Health and Safety (OH&S) to employers and workers;
- Work with employers to increase their awareness of their Claims experience (including Claim costs and causes);
- Reporting to the Corporation serious occupational, health and safety issues, practices and breaches of the Occupational Health, Safety & Welfare Act or the regulations made thereunder that have come to the attention of the Agent.

The Agent must provide such additional injury prevention, risk management and other occupational health and safety services as are specifically and separately agreed for that purpose by the Corporation and the Agent which agreement shall provide for:

- any remuneration payable to the Agent for additional services; and
- the performance standards and methods of evaluation to apply to the Corporation's minimum requirements and the additional services.

2.5. Overall description of Value Added Functions

The Agent must carry out any additional functions, duties or activities which the Agent offered to perform in excess of the other elements of the Agent's Functions in its successful bid to the Corporation evidence of which shall be the Agent's successful bid as modified, if at all, by any correspondence or other documentation evidencing an agreement as to the provision of such additional functions, duties or activities.

2.6. Interpretation of this Part

It is agreed by the Agent and the Corporation that this Part shall be read and construed on the basis that:

- (i) except to the extent expressly provided for in this Agreement, the Corporation shall be entirely freed of any aspect of the receipt, assessment, determination, payment, administration, review, finalisation and recording of Claims against or in respect of a Nominated Employer as a result of the performance of the Agent's Functions by the Agent.

- (ii) nothing expressly or impliedly contained in this Agreement imposes upon a Nominated Employer any function or duty in excess of that previously performed by such a Nominated Employer whilst the Corporation undertook the management of Claims; and
- (iii) the only exclusions from the Agent's Functions are those matters expressly provided for in this Agreement.

2.7. Incidental Functions

The Agent's Functions shall include the functions specified in this Schedule (as they may be reasonably anticipated to evolve during the Term and supplemented, enhanced, modified and replaced as described in clause 2.8 of this Schedule) and

- (a) any new services, functions and responsibilities included within the scope of this Agreement as provided herein or by agreement between the Corporation and the Agent; and
- (b) any service, function or responsibility that is incidental to or necessary for the full and proper performance of the foregoing, even if such service, function or responsibility is not specifically stated in this Schedule.

2.8. Development of the Agent's Functions

It can be reasonably anticipated that the services, functions and responsibilities comprising the Agent's Functions will be modified, enhanced and replaced over time to keep pace with advances in technology and changes in community, business, governmental and legislative requirements. If the Agent's Functions were retained by the Corporation, the Corporation would expect to accommodate many of these changes without incurring a net overall increase in its cost of operations. Accordingly, the Agent's Functions shall be deemed to include (without adjustment of the Agent's remuneration) functions, services and responsibilities that modify, enhance or replace particular Agent's Functions as they exist at the Commencement Date, but not so as to include functions, services and responsibilities that the Agent cannot reasonably be expected to perform without incurring a material increase in its net overall costs of operations on the basis that, in those circumstances, the Agent shall be entitled to have recourse to the procedures contained in clause 10 for adjustment of the Agent's remuneration.

Part 3—The Nominated Functions

The Agent must complete the following:

3.1. Receipt and determination of Claims

- 3.1.1 Determine Claims within 10 working days of receipt of completed Notice of Work Related Injury, a completed Compensation Claim Form (subject to clause 3.1.2), a completed Employer Report Form and, in the case of a Claim for income maintenance, a certificate in the prescribed form from a recognised medical expert or medical report containing at least the information specified in the *Workers Rehabilitation & Compensation Manual* ('the Manual').
- 3.1.2 Where an Employer Report Form and/or a Notice of Work Related Injury is not provided, attempt to obtain one. (If this is unsuccessful, the Claim should still be determined).

- 3.1.3 In the process of determining the Claims, determine and record on file with reasons:
- whether the Claimant is a worker under the WRCA;
 - whether the Claim falls within the territorial application of the WRCA;
 - whether the injury or disease arose out of or in the course of employment;
 - where there is likely to be some delay in determining the Claim, whether the worker should be offered interim payments of income maintenance and/or medical expenses; and
 - whether Section 26(4) of the WRCA applies to the Claim.
- 3.1.4 If the worker is considered to be eligible for interim payments of income maintenance and/or medical expenses:
- issue a notice to the worker offering the payments and advising the worker of the Corporation's rights of recovery of those payments in the event of the Claim being rejected;
 - obtain from the worker a signed acceptance of interim payments including an acknowledgment of the Corporation's rights of recovery;
 - upon receipt of the signed acceptance, make the interim payments to the worker without undue delay;
 - if the Claim is subsequently accepted, ensure that the interim payments made to the worker are deducted from any amounts claimed by the worker to have accrued from the date of incapacity; and
 - if the Claim is subsequently rejected, refer the Claim for recovery of the interim payments.
- 3.1.5 If the:
- Compensation Claim Form and Notice of Work Related Injury differ in any way that could affect the determination of the Claim;
 - Compensation Claim Form and Employer Report Form differ in any way that could affect the determination of the Claim; or
 - Compensation Claim Form, Employer Report Form and/or medical certificate/report lack essential information required to determine the Claim (as defined in the Manual);
- contact the person who completed the form, report or relevant certificate and obtain the necessary information prior to determining the Claim.
- 3.1.6 If a Claim requires further investigation or investigation is requested by the Employer under section 53(4b) of the WRCA prior to determination, carry out such investigations as are reasonably possible and cost-effective. Where a more detailed investigation is required, refer the matter to an appropriate External Service Provider.
- 3.1.7 Contact Employers who submit Claims to the Agent later than 5 working days after the date they were received by the Employer and advise the Employer of the requirements of Section 52(5) of the WRCA.
- 3.1.8 Upon determination of each Claim, inform the worker and Employer of the decision within 2 working days and their relevant rights and responsibilities consequent upon that decision.

- 3.1.9 Ensure that all determinations are legally correct and documented so as to allow for later substantiation.
- 3.1.10 Accurately enter all available information pertaining to the Claims on the Corporation's database at the time of receipt and determination of the Claims including appropriate coding of the claim through the various procedures.
- 3.1.11 Where information required by the Corporation for the database is not available from existing claim documentation, make all reasonable efforts to obtain the information and accurately enter it on the Corporation's database as soon as possible.

3.2. Administration of Claims

- 3.2.1 In all cases where a determination is made under the Act, ensure that the determinations are consistent with the Relevant Law, are in accordance with Corporation instructions, policy, procedures and guidelines and are documented so as to allow for later scrutiny/substantiation.
- 3.2.2 Where the Agent seeks any form of service from an External Service Provider, ensure that the Agent and not the External Service Provider carries out administrative tasks which are a part of the Agent's Functions including, (but not limited to):
- assessment of investigations;
 - undertaking decision making on behalf of the Agent;
 - the drafting, production and dispatch of letters and notices pertinent to the Agent carrying out the Agent's Functions under this Agreement;
 - the making of medical and like appointments;
 - the instigation of investigations;
 - the investigation of employers' decisions to terminate injured workers;
 - production and provision of copies of reports under Sections 107, 107A and 109 of the Act;
 - payment of accounts.
- 3.2.3 Make available translation and interpretation services of the professional quality stipulated in Corporation policy and the Manual in cases where a worker's or employer's preferred language is other than English.
- 3.2.4 Ensure that all medical, rehabilitation and allied health services provided by the Agent for the purposes of managing Claims and administering the WRCA are provided by service providers who are entitled by law to provide the relevant service and/or providers approved by the Corporation.
- 3.2.5 Ensure that all services obtained for the purposes of managing Claims are of a type approved by the Corporation.
- 3.2.6 Key all payments of accounts received for Claims management services onto the Corporation's database using the procedures, service item numbers, scheduled fees, policies, instructions and other guidelines specified by the Corporation, within 30 days wherever possible. Where accounts contain more than one individual service item, key each item separately.

- 3.2.7 Ensure that service providers engaged by workers or by the Agent are dealt with and utilised appropriately. Where necessary, the services of medical advisers (employed either by the Agent or directly by the Corporation) should be used to determine compliance with Section 32 of the WRCA or the appropriateness or otherwise of specific provider services. The Agent should undertake all reasonable strategies to engage unco-operative service providers in discussion towards achieving appropriate case management outcomes. The Agent should refer all unresolved issues with service providers to the Corporation's Provider Service Department for assessment and appropriate further action.
- 3.2.8 Systematically review accounts, record and follow up any accounts containing over-schedule fees, duplicate payments, non-schedule service items, service providers with no provider number and any other anomalous items.
- 3.2.9 Maintain the Corporation's files in such a way that all decisions and determinations are identifiable (including the name of the decision-maker and the date of the decision) and relevant supporting documents and notes can be located.
- 3.2.10 Ensure that workers and employers are informed of proposed major decisions on Claims and are allowed an opportunity to discuss them and have their views recorded on file before the decision is finalised.
- 3.2.11 Refer all Claims and other matters to the Corporation where there are reasonable grounds to suspect fraudulent activity and/or losses to the Fund.
- 3.2.12 Take appropriate action as determined by the Corporation to ensure that the recovery of all relevant funds is affected or facilitated in a timely fashion, including the payment of funds in respect of a recovery notice issued by the Commonwealth Department of Social Security.
- 3.2.13 Using criteria and standards of documentary evidence required by the Corporation, determine whether Claims should be classified as secondary or unrepresentative. In cases where a decision is made to code a Claim as secondary or unrepresentative, place on the Claim file clear evidence to support the decision.
- 3.2.14 Ensure that all of the Agent's staff making decisions pertaining to the administration and management of Claims hold the appropriate levels of accreditation and financial delegation as determined by the Corporation.
- 3.3. Rehabilitation**
- 3.3.1 Subject to 3.3.2 and 3.3.3 below, assess and refer workers for appropriate rehabilitation or other services where they have been or are likely to be incapacitated for 21 working days or more and accurately note the referral and its date on file and on the Corporation's database.
- 3.3.2 Where rehabilitation referrals are carried out by an employer, ensure that the details of the referral including the date and the name of the service provider are obtained within 5 working days, noted on the file and accurately entered on the Corporation's database.
- 3.3.3 Ensure that all rehabilitation activities including rehabilitation programs and rehabilitation and return to work plans are established, documented, approved, administered and reviewed in accordance with the Act and the Corporation's policies, procedures, industry and service standards and guidelines and accurately entered on the Corporation's database as required.

3.4. Case management

- 3.4.1 Determine and review all entitlements, benefits and other payments in accordance with the Relevant Law, and Corporation policies and procedures, including (but not limited to):
- average weekly earnings;
 - reimbursement of workers for entitlements under the WRCA in respect of travel, pharmaceutical and other Claim-related costs;
 - lump sum payments (subject to the further requirements of this schedule);
 - death benefits;
 - medical, rehabilitation and allied health services;
 - legal and investigation services;
 - redemptions (subject to the further requirements of this schedule);
 - other payments required to be made by the Corporation under Section 32 of the WRCA.
- 3.4.2 Pay all entitlements, benefits and other payments in a timely fashion including (but not limited to):
- income maintenance direct to workers including backpay and interest where applicable;
 - reimbursements of income maintenance to employers;
 - reimbursement of workers for entitlements under the WRCA in respect of travel, pharmaceutical and other Claim-related costs;
 - lump sum payments (subject to the further requirements of this schedule);
 - redemptions (subject to the further requirements of this schedule).
- 3.4.3 Determine the amount of lump sum payments under Section 43 of the WRCA in accordance with the Relevant Law, the Manual and the Corporation's guidelines and policies including the furnishing to the Corporation of a fully completed Lump Sum Determination Advice.
- 3.4.4 Determine the amount of redemption payments under Section 42 of the WRCA in accordance with the Relevant Law and the Corporation's procedures, guidelines and policies including:
- the furnishing to the Corporation of a fully completed Lump Sum Determination Advice;
 - obtaining the Corporation's prior approval for proposed redemptions in excess of an amount specified by the Corporation;
 - obtaining the Corporation's prior approval for proposed redemptions on Claims which are less than an age specified by the Corporation or otherwise beyond the Agent's authority as specified by the Corporation;
 - ensuring that the provisions of Section 35(2)(c) of the WRCA (and other applicable aspects of the Relevant Law) have been applied prior to the redemption determination.

- 3.4.5 Provide access to appropriate medical treatment, rehabilitation and allied health services in accordance with the Relevant Law and the Corporation's procedures, guidelines and policies.
- 3.4.6 Arranging medical examinations and seeking medical and other reports as appropriate for the purposes of determining entitlements, managing the rehabilitation and return to work process and related functions.
- 3.4.7 Obtain and provide reports and copies of medical reports in accordance with Sections 107, 107A, 108 and 109 of the WRCA.
- 3.4.8 Review all high-risk Claims at least once each quarter and note on the file:
- the date of the review;
 - a brief summary of the current status of the Claim;
 - where the rehabilitation and return to work process has not been advanced, any new actions and/or strategies intended to enhance it.
- 3.4.9 Inform the Corporation within 5 working days of receipt of advice that an employer has terminated a worker or has decided to do so.
- 3.4.10 Carry out reasonable investigations of the background to and reasons for an employer's termination of a worker or a decision to terminate and determine whether such a termination or decision to terminate is reasonable with reference to the Corporation's policies, procedures and guidelines.
- 3.4.11 Make all reasonable efforts to restore the employment relationship after learning of an employer's termination of a worker or a decision to terminate.
- 3.4.12 Where the Agent determines that a decision to terminate a worker is reasonable under the relevant provisions of the WRCA, inform the Corporation of that decision within 5 working days.
- 3.4.13 Using criteria and guidelines issued by the Corporation, refer eligible workers to the Corporation for consideration for the Re-employment Incentive Scheme for Employers (RISE) scheme and/or any other re-employment initiatives established by the Corporation.
- 3.5. Dispute resolution**
- 3.5.1 Where the Agent becomes aware that an employer or a worker disputes a decision, make early contact with the parties and attempt to resolve the issue before the dispute is formalised.
- 3.5.2 Ensure that suitable appointees are available at the required times to carry out reconsiderations within the time allowed under Section 91 of the WRCA.
- 3.6. Management of Claims Costs**
- 3.6.1 The Agent will, when approving any payments to be made by the Corporation to workers, service providers engaged by workers or service providers engaged by the Agent, be aware of and satisfy its overriding duty to the Corporation to ensure that those payments reflect either:
- a legal obligation of the Corporation to make such a payment; or
 - in all other cases, a cost effective use of the funds of the Corporation.

3.6.2 Without limiting Clause 3.6.1, the Agent will only exercise a discretion provided for in this Agreement to engage service providers or otherwise commit to expenditure on behalf of the Corporation when the Agent has a reasonable basis for considering that such expenditure is in the best interests of the Corporation as judged by the position that is reasonably likely to apply if such expenditure were not made.

Part 4—General Description of the Service Standards

4.1. Introduction

The Agent's Functions are to be performed in accordance with the Relevant Law and any policies, procedures and service requirements issued by the Corporation as to the administration of the Relevant Law from time to time.

The service and performance standards should be complementary to or form a part of internal Claims management business systems and controls that shall be established by the Agent.

4.2. General Standards relevant to certain elements of the Agent's Functions

4.2.1 Worker and Employer Services

The Agent must demonstrate a commitment to providing the Agent's Functions in a form which satisfies the specified objects of the WRCA being more particularly contained in Section 2 as being:

"(1) The objects of this Act are—

- (a) to establish a workers rehabilitation and compensation scheme—
 - (i) that achieves a reasonable balance between the interests of employers and the interests of workers; and
 - (ii) that provides for the effective rehabilitation of disabled workers and their early return to work; and
 - (iii) that provides fair compensation for employment-related disabilities; and
 - (iv) that reduces the overall social and economic cost to the community of employment-related disabilities; and
 - (v) that ensures that Employers' costs are contained within reasonable limits so that the impact of employment-related disabilities on South Australian businesses is minimised; and
- (b) to provide for the efficient and effective administration of the scheme; and
- (c) to establish incentives to encourage efficiency and discourage abuses; and
- (d) to ensure that the scheme is fully funded on a fair basis; and

- (e) to reduce the incidence of employment-related accidents and disabilities; and
 - (f) to reduce litigation and adversarial contests to the greatest possible extent.
- (2) A person exercising judicial or quasi-judicial powers must interpret this Act in the light of its objects without bias towards the interests of employers on the one hand, or workers on the other."

4.2.2 Worker Services

Without limiting paragraph 4.2.1 the Agent must perform the Agent's Functions so as to:

- (a) provide for the effective rehabilitation of disabled workers and their early return to work;
- (b) provide the compensation specified by the Relevant Law for employment-related disabilities;
- (c) reduce the incidence of employment-related accidents and disabilities;
- (d) reduce litigation and adversarial contests to the greatest possible extent including (but not limited to) ensuring that:
 - (i) worker's entitlement are promptly and accurately calculated and paid; and
 - (ii) the Agent makes all reasonable efforts to promptly resolve questions, grievances and complaints put to the Agent by workers including but not limited as to the determination and payment of benefits and entitlements under the WRCA.

4.2.3 Employer Services

Without limiting paragraph 4.2.1, the Agent must:

- (a) demonstrate a commitment to servicing Nominated Employers' needs in the area of management information, advice and support;
- (b) provide interpretation and analysis of Claims in order to assist in identification of trends and cost control;
- (c) provide Nominated Employers with timely information and advice as to their obligations under sections 58B and 58C of the WRCA;
- (d) provide quality, timely advice in response to Nominated Employers' queries on WorkCover Claims management policy requirements; and
- (e) make all reasonable efforts to promptly resolve questions, grievances and complaints put to the Agent by Nominated Employers.

4.2.4 Employer Compliance and Service Requirements

- (a) Where the Agent becomes aware that a Nominated Employer has failed to meet its obligations under the Relevant Law or the Occupational Health, Safety & Welfare Act or the regulations made thereunder the Agent's responsibility is to take whatever steps it considers necessary to make the Nominated Employer fully aware of, and encourage the Nominated Employer to meet, its obligations.
- (b) Where, having been advised by the Agent under paragraph (a) of its failure to meet its obligations, a Nominated Employer fails to comply with those obligations, the Agent must advise the Corporation within ten (10) working days and provide full details.

4.2.5 Claims

(a) **New Claims**

Nominated Employers are to be:

- advised that a Claim has been duly received and is being processed; and
- informed of any significant matters affecting the determination of the Claim.

(b) **Case Estimates**

Nominated Employers are entitled to expect accurate and realistic case estimates which reflect the future expected costs of a Claim, including prompt review of the current estimate where there are significant changes to the Claim circumstances. Such estimates are to be determined in accordance with any system of calculation or estimation required by the Corporation.

(c) **Payment of Claims**

Workers are entitled to expect fair and reasonable determinations of their Claims and payments to be processed and made within the timeframes prescribed by the Relevant Law and/or in accordance with Corporation policies, procedures and guidelines.

(d) **Reimbursement of Expenses (Weekly Compensation Payments and Other Expenses)**

Nominated Employers and workers should be confident that a reimbursement request will be expeditiously processed and that the Agent will contact the Nominated Employer or the worker if there are any impediments to timely processing.

(e) **Rehabilitation Referrals**

New rehabilitation referrals must be promptly made, rehabilitation referrals and activities accurately logged on the Corporation's computer system and any changes to existing rehabilitation services processed in a timely and accurate manner and promptly and adequately notified to the worker and the employer. Workers and Nominated Employers must be confident that rehabilitation referrals are promptly and accurately made and any changes promptly and adequately notified to the worker and the employer.

(f) **Medical Processes (including Section 107, 107A and Section 108 requests)**

Nominated Employers and workers are entitled to be kept informed on the progress of medical matters and their outcomes. The Nominated Employer and worker should be able to expect that the Agent will do everything possible to facilitate co-operation between the treating practitioner, Nominated Employer and worker to ensure speedy return to work.

(g) **Claims Management Review**

Regular Claims management reviews should be conducted with Nominated Employers and workers on a mutually agreed schedule.

(h) **Dispute Resolution Matters**

The Nominated Employer and the worker are to be kept informed on progress of matters before Review (if relevant), the Workers Compensation Appeals Tribunal, the Workers Compensation Tribunal or the Supreme Court.

(i) **Settlements (Lump Sum Payments)**

Settlements pursuant to this Section will sometimes involve substantial payments.

Accordingly, in addition to the requirements of the Relevant Law, the Agent will contact the Nominated Employer prior to a settlement under Sections 42, 42A or 43 in order to explain the terms and amount of the proposed payment.

(j) **Return to Work**

The Agent is to have a strategy for delivery of the Agents Functions which focuses on the worker's safe, timely and long term return to work. The strategy must include consideration of rehabilitation requirements, participation in employment incentive schemes, vocational training and job placement strategies etc. The Agent must recognise that the strategy must take into account that a worker in these circumstances is particularly dependent on the Agent for advice on benefit entitlement, resolution of issues and assistance in return to work.

The Agent must develop and administer a different strategy for workers whose Nominated Employer is unable to provide suitable employment and who satisfy the requirements of Section 58B of the WRCA.

4.2.6 Communication and internal review services

Without limiting other functions in this Agreement, the Agent shall, in the course of its dealings with Nominated Employers and workers:

- (a) be responsible for making every effort to resolve disagreements expressed by Nominated Employers and/or workers with any actions, decisions or determinations made or carried out by the Agent in connection with the Agent's Functions.
- (b) not, without proper and documented reasons, delay or otherwise hinder the delivery of the Agent's Functions in respect of Nominated Employers and workers including (but not limited to):
 - (i) the forwarding of information requested by a Nominated Employer or a worker which the Agent is legally permitted to release to the requesting party;
 - (ii) subject to Corporation policy, the forwarding of benefits to which the relevant Nominated Employer or worker is entitled under the WRCA;
 - (iii) the implementation of decisions of a Review Authority.
- (c) respond to all communication from Nominated Employers and workers irrespective of the means of communication, in accordance with the Corporation's policy.
- (d) ensure that Nominated Employers and workers are, at all relevant times, informed in writing of their rights and obligations under the WRCA.

Part 5—Detailed Performance Standards

- 5.1. The Agent is required to manage claims in a way which complies with the Relevant Law, the Agreement, these performance standards and the Corporation's policies, procedures, guidelines and directions.
- 5.2. The Performance Standards detail the standards of service required to be delivered by the Agent to Nominated Employers, workers and others with the aim of achieving the objective as specified. Although these standards aim to achieve the stated objective, where in any particular circumstance it is clear they do not do so the Agent may, with the agreement of the Corporation, adopt an alternative practice to ensure the objective is achieved. Where the standards are departed from, the Agent must disclose the same to the Corporation and clearly demonstrate that the standards were inappropriate and support this with appropriate file notation.
- 5.3. The standards are divided into two categories:

- Category A standards are agreed to be fundamental to the Agent's overall compliance with the terms of the Agreement. Failure to meet the stipulated minimum levels of compliance with these standards will be addressed under the measures specified in Annexure 1 to this Schedule. Achievement of greater than the minimum compliance will result in increased annual fee payments (calculated annually or as otherwise determined by the Corporation) as specified under each standard. Such increases, when added to the outcome of the application of the category B standards, will not exceed 100% of the Agent's remuneration calculated under Schedule D.
 - Category B standards relate to components of efficiency in claims management, reduction of claim costs and disputes and the quality of the services delivered under the Agreement. Failure to meet the stipulated levels of compliance with these standards will result in the reduction of the Agent's annual fee by the 'deductive value' percentage amount listed alongside each measure in the following tables (calculated annually or as otherwise determined by the Corporation). The maximum cumulative reduction will be 110% of the value of the Agent's remuneration calculated under Schedule D.
- 5.4. Where the performance standards indicate more than one level of performance, compliance with a particular element requires compliance with any preceding element(s). Element values are *not* accumulative—ie the maximum increase/decrease value of a measure is that provided by the element achieved.
- 5.5. Claims with no employers cannot be used for the measurement of certain standards which require contact with or input from employers. Where any standard requires input only from employers, these claims will be excluded from the evaluation. Where the standard requires input from employers and other parties (eg the worker), the claim will be included in the evaluation but the obligation to involve the employer will be waived: standards falling into these categories are shown by.
- 5.6. Where a claim has been transferred to the Agent from another Agent less than 20 business days prior to the evaluation of a standard, and the Agent believes that a non-compliance with the standard has been occasioned by Corporation to have that claim exempted from the application of that standard for a further period as agreed with the Corporation. The Agent must, during the period of the exemption, rectify the non-compliance and certify the same to the Corporation.
- 5.7. Where an Agent has a 'nil population' for any standard or measure, a 'nil deductive value' will be deemed to apply.

CATEGORY A PERFORMANCE STANDARDS

Core scheme critical, case management and service standards

Standard	Measure	Compliance required
1. Decisions and advice	<p>1.1 Notices of determination sent to the worker and employer¹ comply with the Relevant Law.</p> <p>1.2 Decisions:</p> <ul style="list-style-type: none"> • are clearly noted on file • are supported by written evidence on file 	<p>Less than 100% Fail</p> <p>Less than 90% Fail +1.5% 90% - 95% +3% More than 95%</p>
2. Weekly payments	<p>2.1 Initial calculation of AWE is in accordance with the Relevant Law.</p> <p>2.2 Weekly payments are reduced to 80% within 10 working days of 12 months anniversary of the date of injury.</p> <p>2.3 2nd and subsequent year reviews are carried out within 10 working days of the relevant anniversary of the date of injury.</p> <p>2.4 Section 35(2)(c) of the WRCA is applied to all relevant claims.</p>	<p>Less than 85% Fail +1.5% 85% - 95% +3% More than 95%</p> <p>Less than 90% Fail +2.5% 90% - 95% +5% More than 95%</p> <p>Less than 90% Fail +2% 90% - 95% +4% More than 95%</p> <p>Less than 90% Fail +2.5% 90% - 95% +5% More than 95%</p>

WorkCover Corporation (Claims Management—Contractual Arrangements) Regulations 1997—
 12.6.2003 to 1.9.2008—expired
 Schedule

Standard	Measure	Compliance required
3. Rehabilitation and return to work	<p>3.1 New claims for which workers have been or are likely to be incapacitated for 21 working days are assessed for referral to rehabilitation by the case manager.</p> <p>3.2 Rehabilitation programs and rehabilitation and return to work plans are established, approved, implemented and reviewed in accordance with the Relevant Law.</p>	<p>Less than 90% Fail</p> <p>90% - 95% -2.5 %</p> <p>greater than 95% +5%</p> <p>Less than 100% Fail</p>
4. Consultation	<p>4. Employers¹ and workers are made aware of major developments in claims and are provided the opportunity to discuss key decisions* before they are taken.</p> <p>*Key decisions are listed in the validation criteria - ref APEP manual.</p>	<p>Less than 90% Fail</p> <p>90% - 95% +1.5 %</p> <p>96% - 100% +3%</p>
5. Provision of Information	<p>5. Workers and employers¹ receive complete information on their rights and responsibilities when a determination is made on a claim.</p>	<p>If the Corporation determines that this standard has been materially breached. Fail</p>

CATEGORY B PERFORMANCE STANDARDS

(i) Service Standards			
Standard	Measure	Compliance required	Deductive value
6. Loss of Earning Capacity	6. Loss of Earning Capacity payments are calculated and paid in accordance with the Relevant Law.	Less than 100%	-10% Nil
7. Prompt claim receipt and determination	7.1 The Agent contacts employers' identified as being in breach of Section 52(3) of the WRCA and advises of the need to forward claims within 5 working days. 7.2 Claims are determined within 10 working days of receipt.	Written evidence that all identified employers were contacted. Less than 80% 80% - 85% Greater than 85%	-5% -10% -5% Nil
8. Income maintenance	8. Weekly payments are paid by the due date.	Less than 85% 85% - 95% Greater than 95%	-15% -7.5% Nil
9. Interim payments	9. In appropriate cases, workers are offered interim payments and advised of recovery potential where claims cannot be determined within 10 working days.	Less than 95% 95% - 99% 100%	-5% -2.5% Nil
10. Payment of accounts	10. Accounts for services provided and which do not require special processing are correctly assessed and paid for within 30 working days of receipt by the Agent.	Less than 85% 85%-95% Greater than 95%	-5% -2.5% Nil

(i) Service Standards			
Standard	Measure	Compliance required	Deductive value
(ii) Scheme integrity standards			
11. Data accuracy	11. The Agent ensures that complete and accurate claims data* is entered into the Corporation's computer system.	Less than 90% 90% or greater	-10% Nil
12. Secondary disabilities	*In respect of data fields nominated by the Corporation. 12. Decisions on the coding of secondary disabilities are documented and reasoned.	Less than 100%	-10%

(iii) Scheme outcome standards			
13. Discretionary expenditure	13.1 The Agent achieves legal expenditure targets set by the Corporation for each financial year.	Exceed target by more than 10% Within 10% over or under target Under target by more than 10%	-10% Nil +5% -5%
	13.2 The Agent achieves investigation expenditure targets set by the Corporation for each financial year.	Exceed target by more than 10% Within 10% over or under target Under target by more than 10%	+5% -5%
	13.3 The Agent achieves rehabilitation cost-effectiveness targets set by the Corporation for each financial year.	Exceed target Within specified range of target Under target	Nil +2.5% -10% Nil +5%
14. Lump sum expenditure	14.1 The Agent achieves average lump sum targets* set by the Corporation for each financial year.	Exceed target by more than 5% Within 5% over or under target Under target by more than 5%	-10% Nil +5%
	14.2 The Agent achieves redemption cost-effectiveness** targets set by the Corporation for each financial year.	Exceed target Within specified range of target Under target	-15% Nil +10%

*May be Agent's overall average or in relation to specific classes of injuries.
** Expressed in terms of income savings compared to expenditures.

<p>15. Claim duration and discontinuance</p>	<p>15.1 The Agent achieves targets set by the Corporation for each financial year for the percentage of claims receiving income maintenance 12 months after injury.</p> <p>15.2 The Agent achieves targets set by the Corporation for each financial year for discontinuance of claims 1 - 2 years old.</p> <p>15.3 The Agent achieves targets set by the Corporation for each financial year for discontinuance of claims over 2 years old excluding redemptions*.</p> <p>* This may include more than one class of claim - eg medium and long term claims.</p>	<p>Exceed target Within specified range of target Under target</p> <p>Exceed target Within specified range of target Under target</p> <p>Exceed target* Within specified range of target* Under target*</p> <p>* Where more than one class of claim is involved, the targets apply to each class, and the result is accumulative. Claims against employers who change Agents during the year are excluded.</p>	<p>-10% Nil +5%</p> <p>-10% Nil +5%</p> <p>-5% Nil +2.5%</p>
<p>16. Cost-effectiveness</p>	<p>16. The Agent achieves targets set by the Corporation for each financial year based on the ratio of overall claims costs to all costs which directly benefit the worker.</p>	<p>Exceed target Within specified range of target Under target</p>	<p>-10% Nil +5%</p>
<p>17. Appeals</p>	<p>17. The Agent's reviewable decisions* which are disputed and become subject to the operation of Part 6A of the WRCA are upheld at conciliation and further stages of the appeals/judicial process.</p> <p>* May apply to all types of reviewable decisions or a class of reviewable decisions selected by the Corporation.</p>	<p>Less than 50% not varied 50%-75% not varied More than 75% not varied</p>	<p>-10% -5% Nil</p>

ANNEXURE 1

PROCEDURES FOLLOWING AGENT NON-COMPLIANCE WITH CATEGORY A PERFORMANCE STANDARDS

1. In considering the Agent's performance at the conclusion of each year of the term of the Agreement, the Corporation will review the Agent's level of compliance with the category A performance standards.
2. Under the terms of Schedule C and the APEP, the Corporation will test the Agent's compliance with the category A standards using one or more of the following methods:
 - (a) an audit of the Agent's records of its self-evaluation (validation checks);
 - (b) a fresh evaluation using the checklist approach described in the APEP and using a different sample to that used by the Agent (compliance checks);
 - (c) database reports;
 - (d) material assembled and submitted by independent external individuals or organisations. (In the case of material submitted by organisations or individuals other than WorkCover, the Agent shall be given a copy of the material and will have the right of reply).
3. Where the Corporation concludes that the Agent has not complied with one or more category A standards the Corporation may exercise its rights under Schedule G directly, or, at its own discretion, pursue the procedures in this Annexure until it is either satisfied with the outcome or, upon becoming dissatisfied with the progress or outcome under the procedures of this Annexure, exercises its rights under Schedule G.
4. The Corporation shall:
 - (a) provide the Agent with documentation of the non-compliance with clear references to the nature of the failure and the degree to which the Agent has not complied with the standard.
 - (b) discuss the non-compliance with the Agent and so far as is possible reach documented agreement on:
 - (i) the existence and extent of the non-compliance;
 - (ii) solutions and timeframes for remedial action; and
 - (iii) a timetable for further self-evaluations and validation checks or compliance checks to determine the efficacy of the solutions.
5. If the Corporation is satisfied that the Agent has implemented the agreed corrective action and subsequent evaluation demonstrates to the Corporation's satisfaction that the non-compliance has been corrected, the Corporation shall, subject to the completion of all other activity required by the Agreement, advise the Agent in writing of this fact within 10 working days.

6. If:
- (a) The Agent fails or refuses to acknowledge or satisfactorily discuss any notice or other material relating to the Corporation's actions under clause 4 within 10 working days;
 - (b) The Agent fails or refuses to carry out corrective action agreed upon under clause 4 (c) within agreed timeframes; or
 - (c) The Corporation is for any other reason not satisfied as to the matters referred to in clause 4

the Corporation may direct the Agent in writing to carry out corrective action, and nominate a deadline and timetable for completing such corrective action and for further repeat evaluations to check on the efficacy of the solutions.

7. Where the Agent fails or refuses to comply with a direction issued under clause 6 within the time specified in a direction issued under clause 6, the Corporation shall serve on the Agent:
- (a) Written evidence that the Agent, having been alerted to the establishment of the non-compliance and directed to correct it, has failed or refused to rectify the non-compliance within the time specified in the direction;
 - (b) Written notice that a further failure or refusal to correct the non-compliance within a timeframe specified by the Corporation in the notice may result in the issuing of a Suspension Notice under Schedule G of the Agreement.

ANNEXURE 2

Categories of recoveries

- Compulsory Third Party (CTP) in respect of motor vehicle accidents.
- Third Party wrongdoer (i.e. third party negligence/public liability etc.).
- Worker overpayments (other than in circumstances where clause 9.3 applies).
- Service provider overpayment/duplicate payments (other than in circumstances where clause 9.3 applies).

Agent's Functions with respect to recoveries

General functions

- Establish and regularly audit the operation and effectiveness of producers for the identification of potential recoveries at the time a Claim is received by the Agent.
- Establish procedures for the quarterly review of all claims to identify potential recoveries.
- Carry out or initiate the investigation of claims where recovery potential needs to be clarified.

- Carry out a complete review of claims with recovery potential and any other claims by the same worker to determine the extent and nature of the recovery to be effected.
- Code all recoveries data and actions on the relevant IDEAS claim records when available and place clear recovery records on the relevant claim files.
- Ensure that all actions and conversations carried out during recoveries are detailed on the relevant claim file.
- Follow up all recoveries referred to solicitors at least monthly to ensure that the matters are proceeding.
- Pay accounts for services provided by External Service Providers engaged by the Agent in connection with recoveries. Such accounts will only be paid from the Agent's WorkCover sub-account if:
 - the External Service Providers were engaged at such a stage of a recovery and to provide such services as are specified in the policies and procedures published by the Corporation.
 - the fees charged by the External Service Providers are in line with any schedules or other fee limits published by the Corporation.
- Participate in the receipt, allocation, recording, reconciliation and processing of recovered monies in accordance with procedures and guidelines published by the Corporation.
- Provide the Corporation with advice of all actions involving the recovery of amounts to \$100,000.00 or more.

Functions relating to specific types of recovery

Third Party recoveries (CTP and other potential wrongdoers)

- Identify the wrongdoer. Where this task exceeds that of simple document examination and consultation with police and other authorities, the matter may be referred to a loss adjuster.
- In the case of CTP, identify whether the wrongdoer's vehicle is registered in South Australia, interstate or is a Government vehicle. Refer to the policies and procedures published by the Corporation for the insurer of note for each category.
- Write a letter to the wrongdoer advising of the likely recovery and the need for the matter to be reported to the wrongdoer's insurer.
- Obtain full details from IDEAS on total recoverable claim costs.
- Carry out a projection of future recoverable claim costs.
- Quantify the wrongdoer's liability with reference to the policies and procedures published by the Corporation.
- Determine whether any legal precedents apply to the claim.
- Ascertain whether the recovery is covered by the WorkCover/SGIC Agreement with reference to the policies and procedures published by the Corporation.

- Issue formal written recovery notices to all wrongdoers on their representatives.
- Provide written advice to the worker or his/her representative on the progress of the recovery.
- Review the recovery quarterly and, where no reply has been received from the wrongdoer, issue updated notices.
- Prepare and issue "paid and payable" notices during the recovery process as necessary.
- Represent the Corporation in negotiating with the wrongdoer and the worker for the best possible result in liability and quantum terms.
- Review the recovery action and determine whether legal representation is required. If so, select a legal services provider with reference to the policies and procedures published by the Corporation.
- Provide copies of all documentation to the selected solicitor with specific written instructions.
- Upon completion of the recovery:
 - prepare and send a release document to the wrongdoer's representative.
 - check that all actions required have been completed.
 - note the completion of the recovery on IDEAS.

Worker and Employer recoveries

- Upon identification of the recovery, enter a payment alert onto IDEAS where appropriate.
- Review the claim file and IDEAS records to:
 - substantiate the right to recover.
 - verify the type and amount of the recovery.
 - ascertain whether remissions apply under regulation 6A/232 of 1987.
 - ascertain whether the debtor has a relevant appeal pending.
 - ensure that the appeal period has expired.
- Where the debtor has a relevant appeal pending or the appeal period has not expired, suspend recovery action until the outcome of any appeals are known or the appeal period expires.
- Send the debtor a written letter of demand which specifies:
 - that an overpayment has occurred.
 - the amount of the overpayment.
 - the calculation used to derive the amount of the overpayment.
 - the reason for the overpayment.
 - that recovery is sought.
 - proposed methods of repayment.

- any remissions.
- with a "form of agreement" and explanation of taxation implications attached.
- Where no reply to the letter of demand is received, send a further letter by certified mail.
 - Upon receipt of a reply to the letter of demand, negotiate an agreed amount and method of repayment. In the case of worker recoveries, where payment by instalments is requested and:
 - there is a need to determine whether the adequacy of the instalments needs investigation.
 - the worker is claiming severe financial hardship or other special circumstances.
- issue a "statement of financial circumstances".
- In the case of worker recoveries, where payment by instalments is requested and the worker is on Social Security benefits, obtain a statement from DSS via the worker as to the amount of the benefits.
 - After receipt of all information and negotiation is completed, determine whether to continue to pursue recovery (on cost-effectiveness and/or hardship grounds) and settle the method of repayment in writing.
 - Ensure that the completed "form of agreement" is returned with the first payment.
 - Where the Corporation reports that payments have been defaulted for more than 60 days, send a reminder letter. If there is no response, refer the matter to a debt collector to locate and contact the debtor.
 - Where the debtor remains in default and the amount is less than \$500.00, instruct a solicitor to issue a summons through the local Court. If the summons is defended and:
 - the amount is less than \$5,000.00, the Agent will represent the Corporation in the Small Claims Court;
 - the amount is more than \$5,000.00, the Agent should instruct a solicitor to represent the Corporation in the Court.
 - Upon completion of the recovery, remove any relevant payment alerts from IDEAS and note the completion on the file and IDEAS.

Provider recoveries

- Review the Claim file and IDEAS records to:
 - ensure that the overpayment has not already been returned.
 - substantiate the right to recover.
 - verify the type and amount of the recovery.
- Where the amount is less than \$100.00, advise the provider by telephone and attempt an informal settlement and repayment.

- Where the amount is over \$100.00 or the provider will not agree to an informal refund process, issue a letter of demand which informs the provider of:
 - the fact that an overpayment has occurred.
 - the amount of the overpayment.
 - the calculation used to derive the amount of the overpayment.
 - the reason for the overpayment.
 - the intention to seek recovery.
 - the proposed methods of repayment.
- Where no reply to the letter of demand is received, send a further letter by certified mail.
- Where the provider fails to respond to the second letter of demand, instruct a debt collector to contact the provider.
- Where the provider has been contacted but remains in default and the amount is more than \$500.00, instruct a solicitor to issue a summons through the local Court. If the summons is defended and:
 - the amount is less than \$5,000.00, the Agent will represent the Corporation in the Small Claims Court;
 - the amount is more than \$5,000.00, the Agent should instruct a solicitor to represent the Corporation in the Court.

Upon completion of the recovery, note the completion on the relevant file and IDEAS.

SCHEDULE B

CODE OF CONDUCT

The code of conduct outlines:

- (a) the policies and practices by which Agents will inter-relate to each other;
- (b) important legislative requirements that Agents are to especially note in servicing Nominated Employers and workers; and
- (c) a protocol for certain types of statements by one party to this Agreement about the other party to this Agreement.
- (d) Procedures for dealing with conflicts of interest.

1. Confidentiality

Except to the extent permitted by the WRCA or to the extent which may be directed by the Corporation from time to time or be necessary to perform the Agent's Services the Agent shall not, either directly or indirectly—

- 1.1 divulge or communicate to any person, any information that is or was acquired by it by reason of its appointment as an Agent; or
- 1.2 make use of that information for any purpose other than the performance of the Agent's Functions,

and to ensure that its officers, employees and agents do not, except as necessary for the Agent to perform the Agent's Functions, either directly or indirectly—

- 1.3 divulge or communicate to any person, any information that is or was acquired by them; or
- 1.4 make use of that information for any purpose other than is necessary for the Agent to perform the Agent's Services.

2. **Marketing**

The following "Code of Conduct" is to be observed by the Agent when marketing for Employers:

- 2.1 the Agent may market any service(s) it can provide (eg Claim and Levy impact information and management reports; regular visits to Employer to discuss claims; preventative and educative programmes; tailored service; quality of service employed by the Agent; etc).
- 2.2 the Agent may market any additional service(s) its organisation or group as a whole can provide.
- 2.3 the Agent is **not** under any circumstances, to market itself in any way, in a manner which may:
 - (a) bring the Corporation into disrepute;
 - (b) be directly or indirectly derogatory of another of the Agents.
- 2.4 the Agent shall not use any information obtained from the Corporation's central database or any source within the Corporation for the purpose of:
 - (a) promoting the Agent or any form of insurance, or any other business provided by the Agent or by any body corporate, entity, business or person related to or associated with the Agent; and/or
 - (b) soliciting business, whether provided by itself or by any body corporate, entity, business or person related to or associated with the Agent from any Employer who is insured with another of the Agents,

UNLESS the consent in writing of the Corporation has first been obtained.

3. **Protocol for Public statements**

- 3.1 This protocol:
 - (a) is not designed to inhibit the free exchange of information or comment about the performance of the Corporation or the Agents;
 - (b) but is designed to promote such exchange on an informed basis and so as to facilitate the maintenance of a working relationship between the Corporation and the Agents.
- 3.2 The information protocol will not apply to any information or comment provided by the Corporation or the Agent to:
 - (a) a Member of Parliament;
 - (b) a Court.

3.3 Certain communications shall be subject to the following protocol namely:

- (a) the Corporation and the Agent will instruct their officers and employees not to make any comment or provide any information or advice which denigrates the other party, damages its public image or otherwise brings it into disrepute unless paragraph (b) has been complied with;
- (b) a party shall be entitled to allow its officers and employees to make a comment about the other party of the type referred to in paragraph (a) so long as that party has, prior to the making of such statement, provided advice to the other party of the contents of the proposed statement and provided the other party an opportunity to respond to the same directly to the party intending to make the statement and/or to any person to whom it is proposed that the statement or information will be made or provided.

4 **Conflicts of Interest**

The Agent acknowledges that it has a duty to act in good faith and for the benefit of the Corporation. Where that duty conflicts with another duty of the Agent or its commercial interests then the interests of the Corporation shall be paramount.

Specifically the Agent will deal with the following instances of potential conflicts of interest in the following manner:

4.1 **Direct Financial Conflicts of Interest**

Whenever the Agent is performing the Agent's Functions in a manner or in circumstances where, depending upon the outcome of the determination of a Claim, the Agent's (or a related body corporate of the Agent's) financial interests may be adversely affected then:

- the Agent will notify the Corporation of the relevant circumstances; and
- the Corporation shall direct the Agent as to the management of that claim insofar as affected by the conflict of interest.

The likely circumstances where this will arise are cases where the Agent, or a related corporation of the Agent, is "on risk" under another insurance policy in respect of which there may be recovery against a third party such as product liability insurance, occupier's liability, manufacturer's liability insurance, householders public liability extensions, compulsory third party motor vehicle claims for interstate insurers or an Agent holding a licence to provide compulsory third party insurance in South Australia.

4.2 **Conflicting Duties**

The Agent, through a related body corporate may act as an insurer to a Nominated Employer. By virtue of the Insurance Contracts Act the related body corporate will owe a duty to the insured and vice versa.

The Agent must in these circumstances either give priority to the Corporation or, if that is not legally possible:

- advise the Corporation of the relevant conflict; and
- the Corporation shall give directions to the Agent as to the performance of the Agent's Functions as affected by the conflict.

4.3 **Information Conflict**

The Agent must ensure that information derived by the Agent is kept separate from information derived by related bodies corporate of the Agent. In particular the Agent must ensure that information derived by the Agent in the course of performing the Agent's Functions is not put to any use relevant to a related body corporate of the Agent in respect of any other insurance or other business.

4.4 **Commercial Conflict**

The Agent, through a related body corporate, may have a commercial relationship with a Nominated Employer. Alternatively, the Agent may develop such a relationship specifically as an element of marketing to employers to be selected as their Agent.

Neither circumstance is to be a basis for providing a favourable treatment of that Nominated Employer either as against injured workers or against the interests of the Corporation.

The Corporation's position at law is that workers should receive no more but also no less than the amount of their entitlements. The Agent must assume the same neutrality with respect to the outcome of claims.

Similarly an employer may wish to achieve a certain outcome with respect to a claim for the benefit of that employer. The employer's interests however are not to be given priority over the Corporation's interest and the administration of the Relevant Law.

4.5 **Agent's Interests in External Service Providers**

If an Agent, or a related body corporate of the Agent, has an interest in an External Service Provider or has otherwise entered into an arrangement or understanding with an External Service Provider pursuant to which the Agent obtains a benefit from an External Service Provider (not being a benefit obtained by the Agent on account of the Corporation) then the following procedures shall be applied:

- the Agent shall disclose to the Corporation the fact and details of the relevant interest, arrangement or understanding;
- the Agent shall not deal with that External Service Provider in any way which is to the disadvantage of the Corporation.

SCHEDULE C

PERFORMANCE EVALUATION

1. GENERAL

- 1.1 The Agent Performance Evaluation Programme (APEP) outlined in the Annexure to this Schedule tests 'performance evaluation standards' and the Agent's compliance with key requirements of the Relevant Law, this Agreement and the Corporation's policies, procedures, directives, manuals and guidelines. The APEP tests the Agent's performance against minimum requirements for the quality of the Agent's Functions provided for in this Agreement.
- 1.2 The Performance Standards detailed in Part 5 of Schedule A set objectives for each of the relevant functions described therein.

- 1.3 The Agent may choose to adopt the APEP published by the Corporation or to establish a program of its own provided that before doing so the program has been approved by the Corporation for the purpose of replacing the APEP.
- 1.4 The requirements of this Schedule are designed to specify the process by which the Corporation may verify the outcomes the Corporation expects Agents to achieve and not necessarily how the Agents implement procedures.

2. PROGRAMME FRAMEWORK

- 2.1 The APEP must be seen in the total context of the Agent's Functions set out in Schedule A. The evaluations (however conducted) are a means (but not the exclusive means) of confirmation that the Agent is fulfilling the requirements of the Agent's Functions effectively. Evaluations will be conducted by:
 - (a) Agents, in accordance with the APEP or their own approved programme through one or more of the following methods:
 - (i) contracting out the evaluation;
 - (ii) conducting a self-evaluation; or
 - (iii) by the Agent's own internal auditors.
 - (b) the Corporation through the Corporation's internal performance evaluators and any other review procedures that the Corporation considers will identify failures in the Agent's procedures for satisfying its obligations under this Agreement.
- 2.2 In adopting the APEP published by the Corporation or by implementing its own approved programme, the Agent's performance evaluation activity:
 - (a) must focus on:
 - (i) Agent compliance with the Relevant Law, this Agreement and the Corporation's policies, procedures, manuals and guidelines; and
 - (ii) achievement of agreed objectivesacross each category of the various elements of Schedule A;
 - (b) must ensure that the requirements of Schedule A are maintained on a continuous basis, and the certification of compliance with those standards will be submitted to the Corporation in line with the APEP timetable and confirming compliance for the Agent for the financial year to date;
 - (c) must be certified on behalf of the Agent by a Director of the Agent as being considered appropriate by the Director to address the APEP requirements and be approved by the Corporation;
 - (d) must cover all categories of each function specified in Schedule A in depth at least once per annum, however Agents must have management controls in place to ensure the requirement for each function continues to be met at all times and not only for the period evaluated;
 - (e) must be flexible so as to facilitate Special Purpose Evaluations required to be undertaken at the direction of the Corporation;
 - (f) should enhance the Agent's other quality control processes.

- 2.3 The Agent will remain accountable to the Corporation for ensuring its application of the APEP or its approved programme is implemented in accordance with this Schedule and is fully supported by detailed documentation so that it will withstand scrutiny by the Corporation's evaluators.
- 2.4 The Agent will provide written Certification to the Corporation of the results of its self-evaluation. The Agent Certification will:
- (a) confirm that the Agent has ensured compliance for the financial year to date;
 - (b) be made in respect of the self-evaluations conducted in each evaluation period as specified in the APEP;
 - (c) be in the form approved by the Corporation;
 - (d) be personally signed by a Director of the Agent;
 - (e) be forwarded to be received by the Corporation no later than the last working day of the second month following the end of the evaluation period during which the audit is conducted.
- 2.5 The Corporation, through its own performance evaluators:
- (a) reserves the right to conduct an evaluation of the Agent's certifications of self-evaluation results, either of the Agent's initial self-evaluation or follow-up evaluation on deficiencies;
 - (b) may conduct more detailed evaluations should the Agent's self-evaluation be found to be deficient or not in accordance with the APEP or its approved programme;
 - (c) may conduct Agent specific evaluations; and
 - (d) may conduct Special Purpose Evaluations (no earlier than ten (10) working days after the date the Corporation advises the Agent in writing).
- 2.6 Where the Agent identifies an area that does not meet the agreed objectives or does not comply with the Standards of Service detailed in Schedule A such that it does not achieve minimum compliance or other relevant Performance Standards the Agent will:
- (a) have a maximum period of one (1) month from when its self-evaluation identifies the deficiency to overcome and to remedy those areas;
 - (b) provide written Certification, personally signed by a Director of the Agent, that the deficiencies have been overcome, or specific processes or quality control mechanisms are in place to satisfy the Corporation that the deficiencies will be overcome, to be received by the Corporation by the last working day of the evaluation period following the evaluation period in which the initial evaluation is conducted; and
 - (c) support the Certification with results of the procedures completed by the Agent (whether additional self-evaluation procedures or otherwise) for that category, unless the Corporation determines otherwise. This further self-evaluation must be consistent with the objectives of the initial self-evaluation and not simply an increase in the size of the sample population such that the results indicate the Corporation's standards are met.

ANNEXURE TO SCHEDULE C

AGENT PERFORMANCE EVALUATION PROGRAMME

1. PERFORMANCE STANDARDS

The Performance Standards are not all encompassing and are there to provide the Agent with some focus when testing for compliance. The Agent must comply with all aspects of the Relevant Law and this Agreement, the Corporation's policies, procedures, guidelines, manuals and directives.

A claim/case being tested must satisfy ALL aspects of compliance (ie Relevant Law, this Agreement etc) before that claim/case is considered to have "passed" the test for compliance.

2. PERFORMANCE STANDARDS—LEVELS

The performance that is required to be achieved by the Agent to meet the relevant standard or to achieve a nominated level is as specified in the Performance Standards.

3. COMPLIANCE CERTIFICATION (ATTACHMENT 1)

For the purpose of clause 2.2 of Schedule C, Compliance Certifications must be provided by the Agent in respect of performance evaluations conducted. This certification is to be made on or in accordance with the form at Attachment 1.

4. SAMPLING METHODOLOGY (ATTACHMENTS 2, 3 AND 4)

The sampling methodology the Agent must use is detailed in the tables at Attachments 2 and 3. These tables specify:

- the minimum sample size to be tested for various population ranges (Attachment 2);
- minimum success rates for evaluation (Attachment 3).

Attachment 4 specifies the maximum number of claims/cases in the sample permitted to "fail" the validation test when the Corporation is validating the levels of achievement under the Performance Standards certified by the Agent based upon:

- a one-sided 95% confidence interval;
- the principle that sample sizes will be calculated separately for each measure, in accordance with the following algorithm, where e_1 is the smallest proportion required by any element of the standard and N is the population size:

If $N < 20$, then Sample Size = N Otherwise,

$$\text{Sample Size} = \frac{1}{\left\{ \left(\frac{1}{N} \right) + \left(\frac{.05^2}{\left[e_1 \times (1 - e_1) \times 1.645^2 \right]} \right) \right\}}$$

(rounded up)

To illustrate the results of this formula, the following sample sizes would apply to a measure for which the smallest element is 80%;

<i>Pop. Size</i>	<i>Sample Size</i>
19	19
45	36
60	45
160	84
240	101
320	113
400	121
1030	149
Max.	174

Where the particular requirements of a performance measure makes the modification of the sampling methodology necessary, the Agent and the Corporation may agree on such modifications from time to time. A more comprehensive set of sample tables can be found at Attachment 2.

Use of the one-sided confidence interval requires set minimum success rates. The minimum success rate required in the sample to pass each element will be calculated in accordance with the following algorithm, where e_k is the success rate required by the measure for the k th element, and e_1 is the smallest success rate required by the measure for any of the k elements:

If $N < 20$, then Minimum Success Rate = e_k . Otherwise,

$$\text{Minimum Success Rate} = e_k - 0.05 \sqrt{\frac{e_k(1-e_k)}{e_1(1-e_1)}}$$

Minimum success rates are tabulated in Attachment 3.

Where the Corporation carries out a follow-up evaluation to validate the results certified by the Agent in respect of its self-evaluation, the Corporation may use one or more of the following approaches:

- (a) Take a sample of the files used by the Agent in its self-evaluation, divide that sample into groups and carry out the validation using a 'stop-start' approach as described at Attachment 4;
- (b) Review the entire sample used by the Agent;
- (c) Take a fresh sample which may, at the Corporation's discretion, exclude those claims already evaluated by the Agent.

Where, in the validation of the Agent's certified performance under any standard the Corporation takes a fresh sample under (c) above, the results of the fresh sample establish with at least 95% confidence that the Agent has not achieved the level stated on the Agent's compliance certificate and:

- (a) the results of the Corporation's fresh evaluation are statistically significantly different to those stated on the Agent's compliance certificate at a 99% confidence level (irrespective of whether the Corporation has exercised its discretion to exclude claims already evaluated by the Agent)—the Agent's findings under the first sample will be discarded and the Corporation's findings on the second sample will be the recorded level of the Agent's performance in respect of that standard; or
- (b) the results of the Corporation's fresh evaluation are not statistically significantly different to the results of the Agent's evaluation at a 99% confidence level (irrespective of whether the Corporation has exercised its discretion to exclude claims already evaluated by the Agent)—the results of both samples shall be combined and the combined results will be the recorded level of the Agent's performance in respect of that standard.

5. **DETERMINING POPULATIONS FOR PERFORMANCE EVALUATION**

When selecting the sample to be used for evaluation, the Corporation, if it is providing the samples from the Corporation's central database, or the Agent, if the Agent is selecting the sample, must ensure that the population from which the sample is to be selected represents the relevant population for the objectives of the evaluation.

For example:

- for the element of the Performance Standards dealing with the determination of claims within 10 days, the population should be all claims received during the period under review;
- for the element of the Performance Standards dealing with the payment of entitlements to workers (refer paragraphs 8 and 9), the population should encompass major categories—eg Weekly Payments, Lump Sum payments etc—and the sample sizes selected must be calculated in accordance with paragraph 4 above.

Where it is not providing the sample lists, the Corporation will provide advice should the Agent be uncertain of the appropriate population for any evaluation. Where the Agent has used an inappropriate population definition for an evaluation, the Corporation can require the evaluation to be reperformed.

6. **RANDOM SAMPLING**

In all evaluation, unless otherwise directed by the Corporation, the Agent must use a random sampling approach. Random sampling is defined as follows:

"Random selection is the selection of a sample in such a way that, for a given sample size, every possible combination of sampling units (claims, payments, employers, etc.) in that population has an equal chance of being selected. Random selection eliminates subjective factors from the selection, including any conscious or unconscious bias that might affect the likelihood of certain sampling units not being selected.

There are several ways to select random samples, including:

- random selection software routines;
- random number tables;
- computerised random number generators.

Random selection methods do not include the haphazard selection of files manually from filing cabinets or manually selecting every "nth" file from a filing system". Where samples are provided by the Corporation, they will be selected using random selection software routines.

7. **PERFORMANCE EVALUATION DOCUMENTATION**

The Agent will maintain appropriate documentation to provide a clear trail detailing the evaluation work performed. The documentation should be adequate to enable the Corporation to reperform any of the evaluation work performed by the Agent's auditors. The documentation will also comply with the standards set by the Corporation in line with normal claims management practices.

ATTACHMENT 1 CERTIFICATION

Certification required in accordance with Schedule C of the Claims Management Agreement.

Agent:

Evaluation Period:

Relevant element of the Performance Standard:

Sample Success Rate Required:

Sample Size Selected:

Sample Success Rate Achieved:

_____ *

Additional Information:

The Directors of [Agent name] certify that in respect of the evaluation described above:

- 1 the evaluation was completed in accordance with both the programme agreed to between the Corporation and [Agent name] on [date] and with all requirements of Schedule C of the Claims Management Agreement;
- 2 based on the testing performed, the information described above completely and accurately reflects the results of the evaluation procedures completed; and
- 3 there have been no other matters identified during the evaluation period ended [date] that demonstrate that the Standards of Service described in Schedule A have not been achieved that the Directors consider should be brought to the attention of the Corporation.

[Director's Name]

[Agent's Name]

[Date certification signed]

* Determined with regard to the Minimum Success Rate required under Attachment 3 of Schedule C where the same applies.

ATTACHMENT 2
SAMPLE TABLES

SAMPLE SIZE TABLE 1
Smallest Element = 80%

<i>Population</i>	<i>Sample Size</i>	<i>Population</i>	<i>Sample Size</i>	<i>Population</i>	<i>Sample Size</i>	<i>Population</i>	<i>Sample Size</i>
20	18	62	46	185	90	560	133
21	19	64	47	190	91	580	134
22	20	66	48	195	92	600	135
23	21	68	49	200	93	650	137
24	22	70	50	205	94	700	139
25	22	72	51	210	95	750	141
26	23	74	52	215	96	800	143
27	24	76	53	220	97	850	144
28	25	78	54	225	98	900	146
29	25	80	55	230	99	950	147
30	26	82	56	235	100	1000	148
31	27	84	57	240	101	1050	149
32	28	86	58	245	102	1100	150
33	28	88	59	250	103	1150	151
34	29	90	60	260	104	1200	152
35	30	92	61	270	106	1300	153
36	30	94	61	280	108	1400	155
37	31	96	62	290	109	1500	156
38	32	98	63	300	110	1600	157
39	32	100	64	310	112	1700	158
40	33	105	66	320	113	1800	158
41	34	110	68	330	114	1900	159
42	34	115	70	340	115	2000	160
43	35	120	71	350	116	2500	162
44	36	125	73	360	117	3000	164
45	36	130	75	370	118	3500	166
46	37	135	76	380	119	4000	166
47	37	140	78	390	120	4500	167
48	38	145	79	400	121	5000	168
49	39	150	81	420	123	6000	169
50	39	155	82	440	125	7000	170
52	40	160	84	460	126	8000	170
54	42	165	85	480	128	9000	170
56	43	170	86	500	129	10000	171
58	44	175	88	520	130	15000	172
60	45	180	89	540	132	20000	172

SAMPLE SIZE TABLE 2
 Smallest Element = 85%

<i>Population</i>	<i>Sample Size</i>	<i>Population</i>	<i>Sample Size</i>	<i>Population</i>	<i>Sample Size</i>	<i>Population</i>	<i>Sample Size</i>
20	18	62	43	185	80	560	111
21	19	64	44	190	80	580	112
22	19	66	45	195	81	600	113
23	20	68	46	200	82	650	114
24	21	70	47	205	83	700	116
25	22	72	48	210	84	750	117
26	22	74	49	215	85	800	118
27	23	76	50	220	85	850	119
28	24	78	50	225	86	900	120
29	24	80	51	230	87	950	121
30	25	82	52	235	87	1000	122
31	26	84	53	240	88	1050	122
32	26	86	53	245	89	1100	123
33	27	88	54	250	89	1150	124
34	28	90	55	260	91	1200	124
35	28	92	56	270	92	1300	125
36	29	94	56	280	93	1400	126
37	30	96	57	290	94	1500	127
38	30	98	58	300	95	1600	128
39	31	100	58	310	96	1700	128
40	32	105	60	320	97	1800	129
41	32	110	62	330	98	1900	129
42	33	115	63	340	99	2000	130
43	33	120	65	350	99	2500	131
44	34	125	66	360	100	3000	132
45	34	130	67	370	101	3500	133
46	35	135	69	380	102	4000	134
47	36	140	70	390	102	4500	134
48	36	145	71	400	103	5000	135
49	37	150	72	420	104	6000	135
50	37	155	74	440	106	7000	136
52	38	160	75	460	107	8000	136
54	39	165	76	480	108	9000	136
56	40	170	77	500	109	10000	137
58	41	175	78	520	110	15000	137
60	42	180	79	540	110	20000	138

SAMPLE SIZE TABLE 3
Smallest Element = 90%

<i>Population</i>	<i>Sample Size</i>	<i>Population</i>	<i>Sample Size</i>	<i>Population</i>	<i>Sample Size</i>	<i>Population</i>	<i>Sample Size</i>
20	17	62	38	185	64	560	83
21	18	64	39	190	65	580	84
22	18	66	40	195	65	600	84
23	19	68	41	200	66	650	85
24	20	70	41	205	67	700	86
25	20	72	42	210	67	750	87
26	21	74	43	215	68	800	87
27	22	76	43	220	68	850	88
28	22	78	44	225	68	900	88
29	23	80	44	230	69	950	89
30	23	82	45	235	69	1000	89
31	24	84	46	240	70	1050	90
32	25	86	46	245	70	1100	90
33	25	88	47	250	71	1150	90
34	26	90	47	260	71	1200	91
35	26	92	48	270	72	1300	91
36	27	94	48	280	73	1400	92
37	27	96	49	290	73	1500	92
38	28	98	49	300	74	1600	92
39	28	100	50	310	75	1700	93
40	29	105	51	320	75	1800	93
41	29	110	52	330	76	1900	93
42	30	115	53	340	76	2000	93
43	30	120	54	350	77	2500	94
44	31	125	55	360	77	3000	95
45	31	130	56	370	78	3500	95
46	32	135	57	380	78	4000	96
47	32	140	58	390	78	4500	96
48	33	145	59	400	79	5000	96
49	33	150	60	420	80	6000	96
50	34	155	60	440	80	7000	97
52	34	160	61	460	81	8000	97
54	35	165	62	480	81	9000	97
56	36	170	62	500	82	10000	97
58	37	175	63	520	83	15000	97
60	38	180	64	540	83	20000	97

SAMPLE SIZE TABLE 4
 Smallest Element = 95%

<i>Population</i>	<i>Sample Size</i>	<i>Population</i>	<i>Sample Size</i>	<i>Population</i>	<i>Sample Size</i>	<i>Population</i>	<i>Sample Size</i>
20	15	62	29	185	41	560	48
21	15	64	29	190	41	580	48
22	16	66	29	195	41	600	48
23	16	68	30	200	41	650	48
24	17	70	30	205	42	700	48
25	17	72	30	210	42	750	49
26	18	74	31	215	42	800	49
27	18	76	31	220	42	850	49
28	19	78	31	225	42	900	49
29	19	80	32	230	43	950	49
30	19	82	32	235	43	1000	49
31	20	84	32	240	43	1050	50
32	20	86	33	245	43	1100	50
33	21	88	33	250	43	1150	50
34	21	90	33	260	43	1200	50
35	21	92	33	270	44	1300	50
36	22	94	34	280	44	1400	50
37	22	96	34	290	44	1500	50
38	22	98	34	300	44	1600	50
39	23	100	34	310	45	1700	50
40	23	105	35	320	45	1800	50
41	23	110	36	330	45	1900	51
42	24	115	36	340	45	2000	51
43	24	120	36	350	45	2500	51
44	24	125	37	360	45	3000	51
45	24	130	37	370	46	3500	51
46	25	135	38	380	46	4000	51
47	25	140	38	390	46	4500	51
48	25	145	38	400	46	5000	51
49	26	150	39	420	46	6000	51
50	26	155	39	440	47	7000	52
52	26	160	39	460	47	8000	52
54	27	165	40	480	47	9000	52
56	27	170	40	500	47	10000	52
58	28	175	40	520	47	15000	52
60	28	180	40	540	47	20000	52

**ATTACHMENT 3
MINIMUM SUCCESS RATES**

	<i>Success Rate Required to Pass Element</i>				
	80%	85%	90%	95%	100%
<i>Smallest Element = 80%</i>	75.00%	80.54%	86.25%	92.28%	100.00%
<i>Smallest Element = 85%</i>	n.a.	80.00%	85.80%	91.95%	100.00%
<i>Smallest Element = 90%</i>	n.a.	n.a.	85.00%	91.37%	100.00%
<i>Smallest Element = 95%</i>	n.a.	n.a.	n.a.	90.00%	100.00%

**ATTACHMENT 4
VALIDATION SAMPLING METHODOLOGY**

Number of files subject to validation	MAXIMUM NUMBER OF ERRORS ALLOWED										
	0	1	2	3	4	5	6	7	8	9	
175–200	40	65	90	110	130	145	160	175	190		
135–174	40	65	85	105	120	135	150	160			
95–134	40	60	80	95	110	120					
55–94	35	55	70	80							
35–54	30	40	FULLY ENUMERATE								
30–34	25										
<30											

NB:

This table only shows the *minimum* number of claims which must pass the validation test before the Agent's certificate of compliance is validated. The Corporation reserves the right to evaluate a greater number of claims up to and including full enumeration of the original sample.

SCHEDULE D

REMUNERATION

The Agent's remuneration will be determined as follows:

1. Annual Fee

- 1.1 The Annual Fee (before adjustment in accordance with this Agreement) for each twelve (12) month period of this Agreement commencing on the Commencement Date or any anniversary thereof shall be determined in accordance with the following formula:

$$A = B \times C$$

where:

"A" is the Agent's monthly instalment of the Annual Fee;

"B" is the aggregate of all levies payable by the Nominated Employers (whilst so remaining Nominated Employers in respect of the Agent) in respect of that twelve (12) month period (or in that twelve (12) month period if not in respect of a period falling within the twelve (12) month period) calculated by:

- (i) disregarding the effect of any remission or supplementary levy determined under section 67 of the WRCA or any fine imposed under section 70 of the WRCA; and
- (ii) assuming that the Nominated Employer was required to pay a levy which was determined without the effect of section 66(7) of the WRCA as calculated and advised by the Corporation to the Agents from time to time;

"C" is:

- (i) if the Lower Rate applies [];
- (ii) if the Higher Rate applies [].

- 1.2 The Annual Fee payable in respect of a period less than the twelve (12) month period referred to above or any monthly instalment in respect of a period less than one (1) month shall be determined on the basis that the levy payable by the Nominated Employers over a longer period is allocated on a pro-rata basis.
- 1.3 The Corporation shall make an estimate of the Annual Fee earned by the Agent in each month of the relevant twelve (12) month period at the end of that month or so soon thereafter as is practicable and, on the basis of that estimate, make payment of the same as an instalment of the Annual Fee. Subject to the provisions of clause 2 of this Schedule, within six (6) months of the end of the relevant twelve (12) month period (or sooner if the Corporation is in a position to effect an earlier revision of the estimate), the Corporation will make a recalculation of the Annual Fee payable to the Agent on the basis of the application of the abovementioned formula to the actual amount of the relevant criteria referred to above and an appropriate adjustment will either be paid to or be payable by the Agent as the case may be.

- 1.4 If the Agent is commencing operations for the first time at the Commencement Date and, after the expiration of three (3) calendar months from the operative date of the selection of the Agent by an employer, the Agent is not providing the Agent's Functions in respect of all existing and new Claims against that Nominated Employer then the Annual Fee payable to the Agent until that situation comes to an end shall be seventy five per cent (75%) of the fee that would otherwise have been payable to the Agent.

2. Performance Adjustments to the Annual Fee

- 2.1 At or about the time the Corporation makes the recalculation of the Agent's Annual Fee pursuant to clause 1.3 of this Schedule a performance adjustment shall be made taking into account the Agent's performance standard results achieved during the twelve (12) months in respect of which the Annual Fee has been so calculated. The adjustment shall be made as follows:
- 2.1.1 If the Agent's performance results in the twelve (12) month period (including the cumulative results under both Category A and B performance standards) equals or exceeds 100%—the Agent receives 100% of the Annual Fee;
- 2.1.2 If the Agent has not reached the specified maximum compliance with all category B performance standards in the twelve (12) month period—the Agent's Annual Fee shall be reduced by the total of the deductive value of the performance standards (or elements thereof) which were not achieved (as detailed in Part 5 of Schedule A of this Agreement) less any applicable increases for which the Agent is eligible in respect of performance achieved under the Category A standards in the twelve (12) month period. Such a reduction shall not be greater than 110% of the Agent's Annual Fee.
- 2.2 Where the Agent's Annual Fee is reduced under clause 2.1.2 above, any moneys owing to the Corporation must be paid in full by the Agent within sixty (60) days of the Corporation notifying the Agent in writing of the amount owing or through such other arrangements as the Corporation may determine from time to time.
- 2.3 If this Agreement terminates for any reason other than on an anniversary of the Commencement Date then the performance adjustment shall be made for the period since the last such anniversary on the same basis as that specified above.

3 Savings Bonus Scheme

The Corporation may implement an additional element of the Agent's remuneration by way of a bonus arrangement. This additional element will, at the Corporation's sole discretion, be made available by the provision of a scheme outside the normal fee structure, and be based upon parameters specified by the Corporation. Examples of the basis for such schemes might be:

- distribution of a proportion of the amount by an overall reduction of Scheme liability which is attributable to the Agent, as determined by the Board of the Corporation acting upon advice from the Corporation's actuaries;
- distribution of a proportion of direct dollar savings conferred by the Agent's response to a particular initiative established by the Corporation.

The Corporation may develop such bonus schemes and implement them on a needs basis, but there is no obligation on the Corporation to establish a bonus scheme in any particular year.

SCHEDULE E

STAFF ACCREDITATION AND EMPLOYER SELECTION OF AGENT

1. Accreditation of claims administration staff

Accreditation process

- 1.1 At the commencement of this Agreement the Agent shall have all claims administration staff accredited by the Corporation, or have a process approved by the Corporation in place to ensure that staff will be accredited in order to meet the requirements under Schedule A.

All staff who have responsibility for making decisions on claims are deemed to be claims administration staff for the purposes of this Agreement.

- 1.2 The Corporation in conjunction with the Agents will develop training and assessment processes which will constitute Corporation accreditation under this Agreement.
- 1.3 The Corporation will accredit claims administration staff who successfully complete an agreed training and assessment process.

Competencies required for accreditation

- 1.8 The Corporation in conjunction with Agents will determine and review from time to time the competencies required for accreditation in claims administration.

2. Employer selection of Agent

- 2.1 Employers will nominate which Agent will manage their claims through a process determined and undertaken by the Corporation. An Employer making such a nomination in favour of the Agent will become a Nominated Employer.
- 2.2 An Employer will be able to elect to change to another of the Agents via a structured process determined by the Corporation that will occur no more frequently than annually.
- 2.3 Any structured process determined under clause 2.2 may, without limitation, include a process for transferring or retaining Claims as between the affected Agents.

SCHEDULE F

COMPUTER SYSTEMS

1. PROCESSING OPTIONS AND TERM

- 1.1 Agents who have previously contracted with the Corporation for claims management may continue to use the Corporation's systems for claims management as constituted from time to time for the term of this contract. All other Agents may elect to use the Corporation's systems for claims management for the term of this Agreement. An Agent may only use the Corporation's computer systems for the provision of the Agent's Functions unless the Corporation otherwise agrees.
- 1.2 Agents wishing to use their own processing systems must comply with the Corporation's interfacing requirements for Agents. This includes (but is not limited to) Year 2000 compliance. Any Agent wishing to use their own processing system must also comply with the implementation schedule to be provided by the Corporation.

- 1.3 Any and all costs of the Corporation associated with any activities required or requested by the Agent (including, without limitation, moving to the Agent's own processing system) will be borne by the Agent.
- 1.4 Upon request, the Corporation will consult as necessary with Agents to assist them with their decision regarding their ongoing processing.
- 1.5 An Agent which wishes to discontinue processing on the Corporation's system must notify the Corporation in writing of their intentions after the Commencement Date and at least ten (10) calendar months prior to the proposed date of the change to the Agent's system.

2. **STANDARDS**

The Agent will comply with the Corporation's standards as advised from time to time as regards data quality, coding and processing procedures.

3. **COPYRIGHT AND INTELLECTUAL PROPERTY**

- 3.1 The Agent must comply with the copyright requirements and limitations of all the Corporation's products (software and documentation) as well as the copyright requirements of any third party software which is used in conjunction with the Corporation's systems. Further, the Agent will indemnify the Corporation against any breach by them of copyright limitations.
- 3.2 The Agent must comply with the Corporation's Intellectual Property ownership rights and entitlements attaching to all software developed by the Corporation which is provided for use by the Agents.

4. **CONFIDENTIALITY AND SECURITY**

- 4.1 The Agent will comply with the Corporation's Information Systems Security Policy and Procedures as it relates to its use of the Corporation's information processing systems and any other relevant legislation and statutory requirements.
- 4.2 The Agent is subject to the confidentiality conditions contained in this Agreement. Those obligations apply to data obtained in the course of the Agent's Functions or provided by the Corporation to the Agent.

5. **STAFF TRAINING REQUIREMENTS**

Staff of the Agent using the Corporation's information processing systems must be fully trained in all appropriate aspects of the same.

6. **SERVICE LEVELS**

The Agent will be provided with the following:

- 6.1 access to the Corporation's information processing systems between the hours of 7.30 am and 6.30 pm Monday to Friday (excluding Public Holidays) and between 9.00 am and 5.00 pm each second and fourth Saturday of each month, such hours to be subject to review and amendment by agreement between the Corporation and the Agent from time to time;
- 6.2 access at times outside the above may be available in special circumstances and by prior arrangement with the Corporation;

6.3 availability of the Corporation's information processing systems during the times above, subject to any force majeure event, to be maintained at a level of 90% continuous availability or better, provided that if the Corporation does not, for a period of one (1) week or longer, maintain that level of availability and such unavailability adversely impacts upon the performance of the Agent's Functions, then the Agent shall be entitled to be relieved from the obligation to provide the Agent's Functions to the extent that the same are unable to be provided consistently with this Agreement but shall provide the same as soon as the availability of the Corporation's information processing systems so allows and the Agent shall have no other claim against the Corporation in respect of a failure to maintain the specified level of continuous availability.

7. CHARGING

7.1 Charging to the Agent will be on the following basis:

- (a) Where the Agent is commencing operations for the first time, network equipment required to be installed at the Agent will be paid for by the Agent at the cost to the Corporation, plus sales tax including the cost of installation. This equipment will become the property of the Agent.
- (b) The Agent may nominate to enter into a lease arrangement directly with the vendor of the relevant equipment.
- (c) Rental costs for communication lines between the Corporation and the Agent will be the responsibility of the Agent.
- (d) An amount per network device per annum will be payable by the Agent to the Corporation. The amount will be reviewed annually.
- (e) The above amount will be due and payable as at 1 July each year.
- (f) The Agent may not require the installation of equipment to an extent which, relative to the comparable work and usage ratios previously experienced by the Corporation, is substantially in excess of the Agent's requirements.

7.2 All other computing services as described in the Service Level Agreement will be provided by the Corporation at no charge to the Agent during the period 1 August 1997 to 31 July 1999.

8. EQUIPMENT

8.1 Upon request, the Corporation will provide appropriate equipment for use by the Agent's staff at the Agent's premise. This equipment will be configured by the Corporation to suit their system and network requirements, and this configuration cannot be amended by the Agent in any way. Customisation can be negotiated with the Corporation.

8.2 All equipment installed at the Agent's (other than network equipment paid for by the Agent) will remain the property of the Corporation.

9. GEOGRAPHIC LOCATION

All support and equipment to be sourced, installed and supported by the Corporation is on the basis of the Agent location being within the Adelaide CBD. If an Agent has a requirement outside the Adelaide CBD, this must be negotiated with the Corporation.

10. **FORCE MAJEURE**

The Corporation shall have no liabilities with the Agent in respect of any failure to observe or comply with the terms of this Schedule F to the extent that the same arises directly or indirectly as a result of the act or omission of a third party or the occurrence or non-occurrence of an event where, in either case, the same was outside of the reasonable control of the Corporation.

SCHEDULE G

CANCELLATION/SUSPENSION/SURRENDER OF AGREEMENT

1. A breach of the Agreement shall entitle the Corporation to issue to the Agent a warning, suspension or cancellation notice. The Corporation in its sole and unfettered discretion will determine whether or not the seriousness of the breach warrants a warning, suspension or cancellation notice. In making its decision, the Corporation may take into account:
 - (a) any previous breaches by the Agent in respect of which a warning or suspension notice was issued;
 - (b) any other deficiencies in the Agent's operations identified through the operation of this Agreement.
2. Where the Corporation issues a warning notice to the Agent, such notice shall:
 - (a) be clearly headed "**WARNING NOTICE**";
 - (b) be addressed to and delivered by certified mail to the Chief Executive or equivalent officer of the Agent;
 - (c) state the reasons for the warning; and
 - (d) give the Agent thirty (30) days from the date of the notice in which to make representations on the matter to the Corporation.
3. Where the Corporation issues a suspension notice to the Agent the notice shall:
 - (a) be clearly titled "**NOTICE OF SUSPENSION OF AGREEMENT**";
 - (b) be addressed to and delivered by certified mail to the Chief Executive or equivalent officer of the Agent;
 - (c) state the period of suspension of the Agreement; and
 - (d) give the Agent fourteen (14) days from the date of the notice in which to make representations on the matter to the Corporation.
4. Where this Agreement is suspended in the manner contemplated in clause 3 of this Schedule the rights, entitlements and obligations of the Corporation and the Agent shall remain the same save that the Agent shall not thereafter be entitled to receive any amount by way of remuneration during the period of the suspension until the Agent has:
 - (a) disclosed all the circumstances surrounding the breach of the Agreement and remedied the same to the Corporation's requirements; and
 - (b) made good any loss or damage that may have been suffered by the Corporation or any worker or Nominated Employer as a result of such breach.

5. Where the Corporation issues a cancellation notice to the Agent the notice shall:
 - (a) be clearly titled "**NOTICE OF CANCELLATION OF AGREEMENT**";
 - (b) be addressed to and delivered by certified mail to the Chief Executive or equivalent officer of the Agent;
 - (c) state the effective date of cancellation of this Agreement; and
 - (d) give the Agent fourteen (14) days from the date of the notice in which to make representation in the matter to the Corporation.
6. If the Corporation issues a notice under this Schedule the Corporation may in its sole and unfettered discretion, after reviewing representations made by the Agent in accordance with this Schedule and having regard to the conduct of the Agent subsequent to the giving of the notice:
 - (a) rescind the notice;
 - (b) replace the notice with another under this Schedule.
7. The Agent may surrender this Agreement after giving 30 days notice in writing to the Chief Executive or equivalent of the Corporation and after obtaining the written approval of the Corporation. The surrender will take effect if and when the Corporation approves of the surrender.
8. Where this Agreement is either surrendered by the Agent or cancelled by the Corporation in accordance with this Schedule G then the Agent shall pay to the Corporation, by way of compensation for the costs incurred or to be incurred by the Corporation in transferring the Claims Management Function of that Agent to another of the Agents, an amount equal to the amount of the remuneration previously paid to that Agent by way of the annual service fee in the preceding two (2) quarters in respect of which payment has been made under this Agreement or, if two (2) quarters have not yet expired, an amount equal to two times the one quarterly annual service fee paid or payable to the Agent.

SCHEDULE H

CERTIFICATE OF READINESS

The Corporation will require a certificate of readiness as a condition of the Claims Management Agreement in which the Agent expressly certifies that as at the date of the certificate it has satisfied the requirements in the following areas:

1. ACCOMMODATION

Documentation of the Agent's proposed accommodation which must cover, as a minimum:

- Location (centralised/branch offices), signage
- Accessibility (employers/workers/pedestrian/vehicular/disabled persons)
- Customer service facilities
- Standard, presentation, office layout, furniture
- Security/Confidentiality
- Integration/Segregation of other functions

2. **STRUCTURE**

The Agent's internal structure which must address at least the following:

- Manager (name, employment status)
- Functional separation of Claims Management
- Specialist operations of multiskilling within either Claims Management or other operations
- Documented delegated authority levels and how this will operate
- Preparation for post 1 July 1998 staff numbers
- Interaction with other Agents

3. **PERSONNEL**

The Agent must supply the Corporation with details of:

- Staff numbers, relevant experience for claims etc
- Staff to client/claims ratio
- Training, future training programmes

4. **WORK PRACTICES**

The Agent's Claims Management practices across areas such as:

- Monitoring of Agreement obligations, Performance Standards etc
- Internal performance monitoring
- Knowledge of WorkCover scheme, legislation etc
- Knowledge of all of the Corporation's information processing systems, including training in IDEAS and the relevant application and supporting software
- Rehabilitation programme services proposals
- Banking arrangements
- Record storage
- Value added services
- Confidentiality/Freedom of Information

SCHEDULE I

DELEGATED POWERS

1. **Grant of Delegation**

Pursuant to Section 17 of the WorkCover Corporation Act 1994 the Corporation delegates to the Agent all of the powers of the Corporation as may be necessary for or incidental to the performance of the Agent's Functions:

- (a) save and except the powers and functions referred to in the Annexure to this Schedule; and
- (b) subject to the conditions and limitations specified in:

- (i) the Annexure to this Schedule;
- (ii) any policies enunciated by the Corporation and communicated to the Agent in writing; and
- (iii) any directions given by the Corporation to the Agent under its common seal or through an authorised officer.

2. Revocation and Variation

The Corporation may revoke the delegation of all or any of the Delegated Powers of the Agent at any time by an instrument in writing either in whole or in part and in particular, and without limiting the foregoing, by addition of any exception, condition or limitation contained in the Annexure to this Schedule.

3. Compliance with Directions

The Agent shall in the exercise of the Delegated Powers comply with conditions of the delegation and with directions of the Corporation given from time to time in accordance with the Relevant Law and this Agreement.

4. Policies of Corporation

The Delegated Powers shall be exercised by the Agent in accordance with any policies enunciated by the Corporation and advised to the Agent by notice in writing by an authorised officer.

5. No Sub-Delegation

The Agent may not sub-delegate or otherwise assign any of the Delegated Powers.

6. Further Delegation

The Corporation may delegate to the Agent further powers of the Corporation as it considers necessary for or incidental to the performance of the Agent's Functions in which event the Corporation shall forward to the Agent a further written instrument of delegation which further delegation shall be subject to the operation of this Agreement.

ANNEXURE TO SCHEDULE I

EXCEPTIONS, CONDITIONS AND LIMITATIONS

1. Reservation of Definitions

The Agent shall not make any determination for or in relation to the following definitions contained in Section 3(1) of the WRCA, that is:

- (a) the approval of an apprentice training scheme for the purposes of the definition "apprentice";
- (b) the approval of an educational or training institution for the purpose of "educational institution";
- (c) the authorisation of a person to exercise the powers of an "authorised officer" under the WRCA;

and shall refer the matter or issue relating to the above definitions to the Corporation for determination.

2. **Determination of Claims Function**

If a Claim has not been determined within twenty-one (21) days of receipt of the Claim by a Nominated Employer then the Agent must record that fact and the reasons for the claim remaining undetermined on the Corporation's computer system and the Corporation may determine the Claim.

3. **Appeal and Judicial Process Function**

If, in the course of the Agent's Functions any legal process occurs as a result of which the relevant Claim or any matter incidental thereto is to be determined by any appeal or other judicial process (excluding any determination by a Review Officer or Arbitrator) then:

- (a) the Agent shall inform the Corporation promptly as to that matter and the legal process concerned;
- (b) the Corporation may give an instruction to the Agent as to the conduct of that appeal or other judicial process which shall be binding upon the Agent; and
- (c) the Corporation may take over and have the conduct of the appeal or other judicial process.

4. **Regulation Functions**

The Agent shall not without the consent in writing of the Corporation exercise any of the following powers, that are:

- (a) the power to recommend or approve the making of regulations pursuant to Section 31 of the WRCA provided that the Corporation shall give to the Agent particulars of recommendations for and approvals of regulations pursuant to Section 31 of the WRCA;
- (b) the power to recommend or approve the making of regulations pursuant to Section 43 of the WRCA provided that the Corporation shall give to the Agent particulars of recommendations for and approvals of regulations pursuant to Section 43 of the WRCA.

5. **Medical and Rehabilitation Expenses (Section 32 of the WRCA)**

- (a) Only the Corporation may determine limits in respect of the payment of medical and allied health services in respect of particular categories of medical services.
- (b) Payments of medical and allied health accounts may be limited to accounts by a recognised medical expert or a medical expert or other person or facility if the service in respect of which the account is rendered was performed on a reference from a recognised medical expert or if the account is approved by a recognised medical expert as approved under Section 32(2)(i) by the Corporation.
- (c) Only the Corporation may determine limits in respect of the payment of accounts for approved rehabilitation services.

6. **Employer Functions**

The Agent shall not without the consent in writing of the Corporation fix the amount payable by an Employer to the Corporation pursuant to Section 49 of the WRCA.

7. **Recovery Functions**

The Agent shall not, without the consent in writing of the Corporation, recover liabilities or otherwise exercise the powers provided in the following provisions of the WRCA, namely:

Section 32
Section 33
Section 36(5), (6) and (7)
Section 37(5)
Section 42B(10)
Section 46(7) and (8)
Section 48(2)
Section 54(5), (6) and (7)
Section 55
Section 92A
Section 106
Section 113
Section 120
First Schedule.

8. **Exempt Employer**

The Agent shall not without the consent in writing of the Corporation exercise any of the powers of the Corporation pursuant to Division II of Part V of the WRCA.

9. **Miscellaneous Exceptions and Limitations**

The Agent shall not, without the consent in writing of the Corporation, which may be given either generally or specifically, exercise the powers provided in the following provisions of the WRCA:

Section 27(3)(c)
Section 105
Section 110
Section 115
Section 119
Section 120
Section 122

SCHEDULE J

EXTERNAL SERVICE PROVIDERS CONDITIONS

1. General requirements

The Agent shall only be entitled to engage and use the services of an External Service Provider for a particular activity:

- (a) which can only lawfully be done by the External Service Provider (examples of which are services which can only be provided by a legally qualified legal practitioner or a legally qualified medical practitioner);
- (b) which falls outside the capacity of the Agent (determined so as to include any capacity claimed in any statements or assertions made by the Agent in or in connection with its bid referred to in Recital D to this Agreement and/or implicit from its acceptance of the obligation to satisfy the terms of this Agreement); or
- (c) in respect of which the Corporation has provided a prior consent to the Agent that it is entitled to use the services of an External Service Provider.

The Agent shall comply with any directions issued by the Corporation with respect to the selection or identity of particular types or classes of External Service Providers including, without limitation, the maximum fees payable to External Service Providers.

2. Method of Engagement of External Service Provider

The Agent shall engage an External Service Provider on terms and conditions which are appropriate having regard to the service which is required from that External Service Provider but which, in any event, shall, subject to any contrary notification, include the following:

- (a) the External Service Provider acknowledges that the Agent contracts with the External Service Provider as the disclosed Agent of the Corporation so as to create a contractual relationship between the Corporation and the External Service Provider in respect of the provision of the relevant service by the External Service Provider;
- (b) unless and until contrary notification from the Corporation the Agent is authorised by the Corporation to exercise its rights and entitlements under its contract with the External Service Provider;
- (c) the External Service Provider will supply a sufficiently detailed account for the services provided as will enable the Corporation to ascertain the nature of the service provided as well as ascertain whether anything done by the External Service Provider conflicts with the obligations of the Agent under this Agreement;

- (d) (where required by the Corporation either specifically in relation to the Agent or in relation to a specific External Service Provider or a class of External Service Providers) requirement the External Service Provider provide a certificate addressed to the Corporation that nothing done by the External Service Provider replaced or duplicated the work which was or should have been done by the Agent in order to satisfy its obligations under this Agreement; and
- (e) such other conditions that are consistent with directions issued by the Corporation from time to time with respect to the conditions of engagement of particular types or classes of External Service Providers.

3. Extent of Agent's authority to engage External Service Providers

Where the Agent engages an External Service Provider or, having engaged the External Services Provider, uses the External Service Provider in respect of a service which replaces or duplicates a service which the Agent did or should have performed in accordance with the terms of this Agreement the Agent agrees, in so doing:

- (a) it has engaged or used the External Service Provider without the authority of the Corporation and not as its Agent; and
- (b) accordingly it has engaged the External Service Provider on its own account and shall be exclusively responsible for the costs of the External Service Provider to that extent.

4. Verification of Accounts rendered by External Service Providers

Whenever the Agent wishes to pay an External Service Provider from the Agent's WorkCover sub-account referred to in Clause 9 or to be reimbursed the cost of the same by the Corporation, the Agent shall provide to the Corporation:

- (a) a copy of the relevant account of the External Service Provider prepared in accordance with this Schedule;
- (b) an endorsement on the account of the External Service Provider certifying that nothing done by the External Service Provider replaces or duplicates work which has or should have been done by the Agent in order to satisfy the terms of this Agreement; and
- (c) such other information as the Corporation may require in order to satisfy itself as to the Agent's compliance with this Agreement.

Legislative history

Notes

- For further information relating to the Act and subordinate legislation made under the Act see the Index of South Australian Statutes or www.legislation.sa.gov.au.

Expiry of regulations

The *WorkCover Corporation (Claims Management—Contractual Arrangements) Regulations 1997* expired on 1.9.2008: see *Subordinate Legislation Act 1978*.

Principal regulations and variations

Year	No	Reference	Commencement
1997	204	<i>Gazette 11.9.1997 p708</i>	20.3.1998: r 2
2003	147	<i>Gazette 12.6.2003 p2500</i>	12.6.2003: r 2

Provisions varied

Provision	How varied	Commencement
Sch	heading substituted by 147/2003 Sch 1	12.6.2003