



SELF INSURERS ASSOCIATION
OF VICTORIA

Productivity Commission

National Frameworks Project

Discussion Points

Self Insurers Association of Victoria

Peter Harris – Melbourne 26 June 2003



Discussion Points

- Formal submission to be lodged in the next few weeks.
- Survey of members based on Issues Paper currently underway.
- Today - a report on preliminary results
- Additional comments on Contribution
- 32 Slides



About SIAV

- SIAV – 37 members in Victoria representing 10% (aprox.) of remuneration.
- Members sub-contract a further 6% of the insured remuneration pool.
- SIAV has active working committees – Safety & Claims
- Members drawn from mainly Top 100 companies



About the survey

- Survey results are one-third of the membership to date and mostly those operating in multiple jurisdictions
- Responses represent company not individual responses, and
- ...follow the Issues Paper subject matter order



National frameworks

- Majority support for a national framework that
 - Delivers consistent compliance regimes for workers compensation & OH&S
- Less support for consistent workers compensation benefits
- Very strong support for a national option for self-insurance and the right to opt-out of local regimes



Grouping companies

- Common ownership should be the criteria for one self-insurance licence
- Self-insurance should be easier to access
- Access should be through a national option



National framework – OH&S

- Majority support for OH&S administration at a national level
- Only if.. A superior model is adopted
- Some support for AS4801
- Also majority support for a national framework for managing risk that was properly enforced.



Costs of multiple jurisdictions

- Very strong support for the proposition that 'Multiple jurisdictions pose additional costs and restraints for self-insured national and multi-national companies that operate in Australia' ...and also for
- 'Multiple OH&S regulations incur costs associated with keeping up with changes'.



HWSCA and the Ministers Council

- Strong support for the proposition that they are not effective as coordinating mechanisms
- However, regular comparative data on self-insurers from any source would be valued
- Some support for a new properly resourced coordinating body cooperating with local regimes.



Proposed models – 1 to 6

- Some support for mutual recognition, little for Comcare, (unless benefits change), more for template legislation and more for a new national regime
- Strong support for elements of all models – ‘My company supports a model that allows choice of regime, national application, external standard setting and auditing, and consistent prudential regulation with mainstream Australia’.



Combining compensation and OH&S

- Mixed views on combining the two and strong support for separate inspectors
- Strong support for the proposition that 'Large companies found to have equivalent or better OH&S standards to the new national standard should be deemed to comply; and inspection minimised'.



Access to self-insurance

- General agreement for the proposition that 'Different access arrangements generate costs for my company'
- Nearly half indicated that these costs were discussed at Board level



Maintaining self-insurance - audits

- Most agreed that audits at renewal were 'largely duplicative and costly', although there was some support for the fact that audits were useful at renewal.
- (Accredited private auditors would be preferred – see below)



Access to self-insurance

- Majority support for
 - Access to self-insurance should be uniform across the country, managed at a national level.
- Some support for a mutual recognition process with minimal barriers to SI
- Regulatory frameworks would have to be consistent



Failing self-insurers

- No support for a safety net system
- Strong support for
 - 'Individual bank guarantees are sufficient to guard against failing self-insurers'.



Excess of loss

- Strong support for
 - 'Alternative insurance options for excess of loss should be offered'
- Mixed views on Government excess of loss insurance option



OH&S legislation

- Support for central control of regulation and less for new legislation
- All aspects – legislation, regulation, codes, implementation, practices are inconsistent between states and incur cost for companies.



NOHSC

- Mixed support for NOHSC, however strong support for the proposition that
 - NOHSC should add a practical industry focus to its academic emphasis.
- NOHSC should also report on self-insurer safety initiatives for sub-contractors.



Regulatory efficiency

- Very strong support for both of:
 - 'Regulatory requirements do not receive proper attention from Government and are issued and changed with limited regard for commercial impact'
 - 'Regulatory requirements must be justified on a value-add basis, be transparent and be subject to external scrutiny'



Inspectors & Unions

- Support for the proposition that
 - 'The VWA needs to provide more information about inspector outcomes to unions and other stakeholders.'
 - Inspectors otherwise are OK



Audit arrangements

- Annual audits in Victoria cost more than other states – some \$30,000 to \$60,000 more
- Strong support for the a model of using private accredited auditors.



Coverage

- Very strong support for the proposition that 'Access to any national scheme should be contingent on coverage that is limited to employer-controlled situations'.



Redemptions & common law

- Very strong support for redemptions as part of any new model
- Support for the Victorian common law model
- Common law however 'materially' interferes with rehabilitation & RTW programs.
- Legal costs are not such a problem in Vic



Scheme sensitive cases

- Self-insurers should be free to defend claims and should not be subject to VWA involvement in the litigation processes for 'scheme viability' purposes.



Dispute resolution

- Conciliation approaches are supported, with some more specialisation.
- Legal costs, however could be reduced by cutting legal involvement.



Medical costs

- Companies should have the right to immediately direct injured workers to company based or auspiced medical treatment...at least until..
- Treating doctors are made far more accountable in any new regime.



Rehabilitation

- Similarly,
- 'The employer capacity to choose a rehabilitation provider is important for earlier and more durable return to work outcomes'.

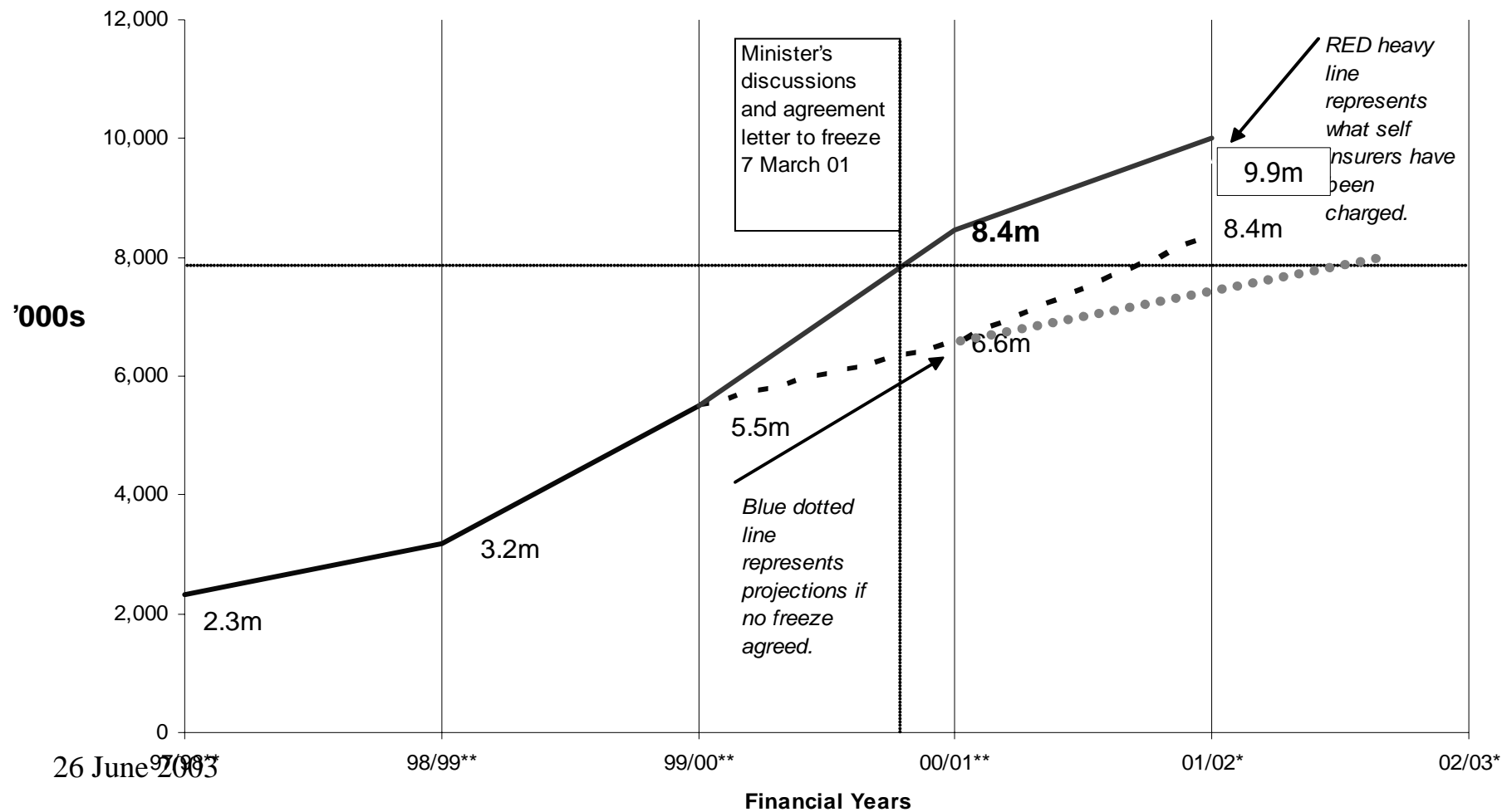


Location

- 2 national companies so far answered yes to -
 - My business's Board and senior management has included the self-insurance contribution fee as one factor in location decisions



Self- Insurer Contribution Paid to VWA - Actual & Projected





Guiding principles - Contributions

- Parity in application of formula to both premium paying employers and self- insurers
- Recognition of the risk that self-insurers carry
- Incentives and disincentives to provide outcomes that support the objectives of the Act
- Recognition of individual safety initiatives



Guiding principles (2)

- Equity - no cross subsidisation to insured's and or other self-insurers
- Simplicity of application and administrative ease
- Contribution to the public good, however only if subject to transparency and accountability.
- Certainty of projection – 3 years



Guiding principles (3)

- Self-Insurer contributions to the V.W.A should be based on 'user-pays' & performance linked
- Payment for 'public good' programs should be for those that are effective rather than experimental or duplicative of work done elsewhere. Accountability should exist for the success of such programs and should be linked to the contribution formula.