



Recruitment &
Consulting Services
Association Ltd

RCSA Australia and
New Zealand
Level 2
259-263 Collins Street
Melbourne VIC 3000

Telephone: 61 3 9663 0555
Facsimile: 61 3 9663 5099
Email: info@rcsa.com.au
Website: www.rcsa.com.au
ABN 41 078 606 416

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Professor Woods
Workers Compensation and OH&S Inquiry
Productivity Commission
PO Box 80
Belconnen ACT 2616Name

Dear Professor Woods

Re: Inquiry into national workers compensation and occupational health and safety frameworks

The Recruitment and Consulting Services Association was delighted to be able to attend to the Productivity Commission Hearings on June 27 to present our view on the future of the workers compensation for Australia.

As part of our presentation Professor Woods requested that we provided details on the costs incurred in administering OH&S and workers compensation for a state based operation. Two members of our National Occupational Health and Safety Committee have considered the request and provided a detailed breakdown of such costs.

The first example provides the cost breakdown for a State based on-hire employee service provider. The RCSA member notes that the business cost of occupational health and safety compliance and workers compensation implementation and administration is \$273,000 or 22.75 percent of the an organisation's operating margin.

In the second attachment another member outlines costs of compliance which is estimated to be \$250,000.

We hope that this information is useful in giving you a greater understanding of the costs incurred through complying with several State based systems. We strongly support the construction of a nationally consistent and efficient system for workers compensation and occupational health and safety.

If you have any further queries, please contact me on (03 9663 0555).

Kind regards

Julie Mills
Chief Executive Officer
Recruitment and Consulting Services Association Ltd.

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ATTACHMENT 1

Example of Annual Costs for administration of Occupational Health, Safety and Welfare, Workers Compensation and Injury management for a State based operation providing trades and manufacturing on-hired people. Revenue \$12 million at 10% operational margin = \$10.8mill remuneration

Action	Person/s Responsible	Annual Branch Costs
Candidate Selection	Candidate Managers (2hrs/dayx4CM)	\$52,000
Skills /competencies testing eg. dexterity/speed and accuracy	Candidate Manager (CM)	\$30,000
Medical testing (where requested)	CM	\$10000
Candidate Registration	CM	\$10,000
Candidate Induction Program	CM	\$10,000
Client Request for on hired person procedure	CM	\$4000
Client site safety management system evaluation	Account Manager (AM) 2hrx2/yr x45clients	\$10,000
Matching of duties to on Candidate competency	CM	\$30,000
Site safety induction	CM (generally client does)	\$6000
Monitoring of worker safety at client site	CM & AM	\$30,000
6 month client safety management evaluation	AM (1.5 hours)	\$3000
OHS and Injury Management, Risk Evaluation, Job safety analysis	National Risk Manager	\$30,000
Training of AM's; CM's; and State Managers in legislative requirements, site safety evaluation, manual handling.	Training manager	\$10,000
Inspectorate Audit and Legislative compliance	State Manager	\$5,000
Accident investigation	AM/State Manager/National Risk Manager	\$5,000
Workers Compensation & Injury Management services	National Injury Management Coordinator	\$10,000
Return to work management services	Branch Rehab Coordinator (1 day / week)	\$8,000
Administration of Workers Compensation Premium	Finance Dept and National Risk Manager	\$10,000
	Annual Total	\$273,000

Notes:

Business Cost of OHS and Workers Compensation Implementation and Administration

- Costs as a percentage of operational margin (273k/1.2 millX100) = 22.75%
- Workers Compensation premium = additional 6.5%

ATTACHMENT 2

Productivity Commission Submission from the Bayside Group of Companies

The Bayside Group of Companies are a medium size player in the national recruitment and on-hired employee services industry, with offices in Melbourne, Sydney, Brisbane, Adelaide and Perth, plus regional offices in various major wine growing areas. Below is a brief summary of what we believe to be some of the issues and associated costs arising due to OH&S and workers' compensation being legislated and controlled by the states and territories rather than by the Commonwealth. The figures in the right hand column below are of course only estimates.

Area of Legislation	Personnel Affected	Indicative Cost
<p>The OH&S Act is different in each state.</p> <ul style="list-style-type: none">• Whilst the thrust is similar for all states, key OH&S management personnel nonetheless have to have a knowledge of the requirements in each state to be able to manage compliance in that state.• Preparation of OH&S procedures to be used on a national basis become more complicated.• Training from head office on a national basis becomes more complicated.• To participate in the preparation of industry guidelines through the RCSA becomes unnecessarily difficult and complex.• The time and cost in attending industry seminars to keep abreast of OH&S legislation.	OH&S Managers and Branch Managers	\$50,000
<p>Workers compensation legislation differs in each state.</p> <ul style="list-style-type: none">• This causes fragmented management approach from head office.• Unnecessarily complicated and additional accounting, and associated costs.• Varied training needs.• Different set of WIC codes in each state.• We have to deal with a range of different workers comp insurance offices and claims managers.• Similarly different WorkCover organisations.• The time and cost in attending industry seminars to keep abreast of workers comp legislation.	OH&S Managers	\$50,000
<p>The workers comp schemes themselves vary, some are state controlled, some are free market.</p> <ul style="list-style-type: none">• The method of collection premiums calculation is different.• The method of premiums collection varies.• Claim handling methods and time frames vary.	OH&S Managers and Branch Managers and accounting staff	\$30,000

<ul style="list-style-type: none"> • Claim excesses vary. • Method of chasing of benefits reimbursement (ie benefits paid out by the company) varies from state to state. 		
<p>Carrying on business across borders is made more difficult when utilising a common workforce which repeatedly crosses borders</p> <ul style="list-style-type: none"> • eg supply of wine industry workers at Vintage time. 	Branch Managers and Recruitment Consultants	\$20,000
<p>Note: To see the differences in workers compensation legislation, one only needs to refer to the publication, Workers' Compensation Arrangements in Australia and New Zealand, published annually by the Heads of Workplace Safety and Compensation Authorities.</p>	All businesses in this industry who operate nationally are affected	In our case allowed for elsewhere in this column
<p>Different common law rights for injured workers.</p> <ul style="list-style-type: none"> • This can be quite complicated, particularly in regards to a worker's right to sue a host employer for a workplace injury. 	OH&S Managers and Branch Managers, and legal representatives of the company's insurer	<p>\$50,000</p> <p>Difficult put a figure on and could be far greater</p>
<p>Different jurisdictional recovery rights in each state.</p> <ul style="list-style-type: none"> • Eg Section 54 in SA and the Third Party Wrong Doers legislation. In the labour hire industry this requires many providers to provide hold harmless insurance to meet client contract requirements. 	OH&S Managers and Branch Managers, and legal representatives of the company	<p>\$50,000, probably more if you include the cost of procuring hold harmless insurance at a State level</p>
<p>Total (indicative cost only – could possibly be greater)</p>		\$250,000

Prepared by: Malcolm McLean National OH&S Manager Bayside Group 22/08/03.