

# Submission to the Productivity Commission

## **Inquiry into National Workers Compensation and Occupational Health & Safety Arrangements**

December 2003

# Skilled Engineering Limited

Skilled is a diversified services company specialising in the provision of Skilled labour and related strategic services to industries both public and private.

- Australian owned company operating since 1964.
- 70 offices nationally employing over 10,000 people.
- Provides services to in excess of 6,000 clients across a broad section of Australian industry.
- Diverse workforce encompassing production, trades, and white collar personnel.

# **Skilled's Commitment to Occupational Health & Safety**

- Each of our employees should safely return home each day.
- Our objective is zero injuries.
- Our commitment starts with leadership from the Boardroom and permeates the entire organisation.
- OH&S accredited under AS/NZS4801.
- The recipient of numerous awards for OH&S performance.

# Skilled's OH&S Resources and Costs

- Professional team dedicated to OH&S and Workers Compensation.
- Operate in 8 states and territories - each with their own different regulations.
- Estimated cost of OH&S and Workers Compensation including insurance premiums and infrastructure costs is in excess of \$17 million per annum.
- Estimate cost savings in excess of \$2.5 million or 15% (this represents +10% of Skilled's annual EBIT).

# Skilled Supports a National Scheme

- We submit that the objective of any scheme should be:
  - Minimise the risk of workplace incidents
  - Provide effective injury management & rehabilitation to get the person back to work as soon as possible
  - Provide appropriate compensation for the injured worker.
  - Manage the scheme in an effective and harmonious manner (i.e. with minimum need for litigation)
- The current framework of state and territory regulations fails to meet these objectives. A national scheme for both workers compensation and OH&S would be more

effective.

# State System not Working

Workers Compensation and OH&S legislation is becoming increasingly complex as regulation increases.

This has the effect of:

- Consuming resources due to the degree of staff specialisation required for each set of regulation. These resources could otherwise be directed toward accident prevention.
- Prevents the establishment of national best practices, reducing the effectiveness of internal systems.
- Increases the risk to the company of non-compliance.
- Adds costs to the company.

The current framework of state and territory regulations for both workers compensation and OH&S should be replaced with a national scheme.

# Application Under Comcare

- A number of competitors have access to the Commonwealth Workers Compensation Scheme ("Comcare").
- Comcare provides improved administration, consistency for employees across Australia and a lower cost base.
- Skilled is eligible to participate and submitted an application in October 2000.
- A number of other large employers have also made application.
- These applications remain unresolved pending the outcome of the Productivity Commission Inquiry.



# Outcomes for Skilled From a National Scheme

- Administrative efficiency through streamlined management of claims & costs. Will provide greater certainty for Skilled in investing & expanding nationally.
- Reduced Workers Compensation charges.
- Provide clients with services at more competitive rates & on a national basis. There are currently a number of instances where national arrangements with customers have differing charges for each state due to worker's compensation costs.
- Reduce the regulatory overheads & administration costs generated from differing requirements for each State/territory worker's compensation arrangements.