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A United Group Limited Company

Commissioner Mike Woods
Presiding Commissioner
National Workers' Compensation and
Occupational Health and Safety Frameworks
Productivity Commission
PO Box 80
Belconnen ACT 2616

Dear Commissioner,

**United Group Limited – second submission to the Productivity
Commission inquiry into OH&S and Workers' Compensation**

We thank you for the opportunity to provide you with a further submission to the inquiry process, following the release of your interim report in October 2003.

The United Group Limited (UGL) agrees that there is a very strong case for national uniformity in both OH&S and Workers' Compensation. We support the proposed approach by the Commission of a progressive expansion into uniformed arrangements for all Australian workers.

We feel it is very important to ensure an outcome from this process which does make a difference, taking careful measured steps on an agreed timetable, perhaps working with the Workplace Relations Ministers Council (WRMC) and the National Occupational Health and Safety Commission (NOHSC) as the initial Management Bodies for the Workers' Compensation and OH&S considerations respectively.

UGL offers the Commission an opportunity to identify, plan and participate in the implementation of the overall goals of improvements in injury prevention and a reduction in the severity of injuries, illness and disease in the workplace. This would take into account the impacts of the improved efficiencies and savings for our company by having one platform from which all OH&S and Workers' Compensation matters are managed for an Australian business with a diverse range of employees in a variety of work environments.

The use of the existing Commonwealth legislation (OH&S {CE} Act 1991 and SRC Act {1988}) as the framework or basis for the new arrangements is also supported as a starting point, with consideration of all jurisdictions being a key part of any consolidation effort. In particular we would emphasise the need to review the benefit entitlements and the definitions as a key starting point, and aim to ensure that there is no incentive for workers to take advantage of any new or amended arrangements while guaranteeing adequate and appropriate insurance and safety coverage for all our staff.

We agree with the interim report recommendations pertaining to the focus on OH&S as the first priority for establishing the National Framework, with Workers' Compensation arrangements to be taken at a slower pace recognising the significant financial considerations.

Our suggestion is that the Commission considers the NOHSC 10 year strategy in setting the timeframe for the establishment of the National Framework. The early establishment of the new "National Board" (perhaps the WRMC and NOHSC initially) to manage this project is a critical priority.

By the mid term review of this Strategy (2007) there should be one nationally consistent framework in place for OH&S for all employers and employees. By the end (2012) we should be adequately placed for one framework managing all Health, Safety and Wellbeing for all Australian Workplaces.

The process should be one of learning and understanding, incorporating key process and consultation learnings from the establishment of uniform National OH&S frameworks into a new National Workers' Compensation scheme.

Key issues we feel within this would be a revision of premium calculation models to identify similarities and differences, as well as the premium drivers of benefit entitlements (such as the number of weeks incapacity payable and at what level) and consideration of a tiered premium model where a fixed levy could be payable by all employers to support an interim "National Safety Net" system for workers' compensation.

The setting of clear definitions for this scheme for terms such as employer, employee and benefit entitlements will be of critical importance in this.

State/Territory loadings could be used, relative to each employer, industry category and the actual claims incidence and management experience while the migration to a single, national system is implemented.

Accurate information management and ***the establishment of a new National database for the recording and reporting of all workplace hazards, incidents and injuries under a nationally consistent framework*** will enhance the ability of jurisdictions to target prevention effort, improve the quality of forecasting the financial impact of the change, which should then lead to further improvements through a reduction of repeat processes for employers and greater clarity for employees.

The WRMC with representatives from each Jurisdiction could remain as the key management advisory group to the National Board with regard to Workers' Compensation issues – separating process issues and outcome issues.

The Commission should give consideration to the Queensland model of outsourcing transactions to service providers with experience and demonstrated ability in managing workers' compensation related administration.

This allows the representative body for each area to maintain its independence in making decisions regarding service delivery. It also allows employers to choose who manages the administration of claims which directly relate to the cost of managing workers' compensation for the organisation.

The New Zealand model should also be examined for the merits of application in the Australian jurisdiction – this is an area where UGL has some experience with our Facilities Management Division (United Gooder) and where we can provide the Commission with real life experience from the employer's perspective.

We are, generally supportive of the recommendations made in the interim report. We highlight the concern raised by the Australian Government Actuary (paragraph 3.22) regarding the consequences of the revocation of a licence in relation to the ongoing coverage for workers, and feel that the financial viability issue is of critical importance for clarification and agreement prior to any changes from the State/Territory based schemes.

We confirm our willingness to be involved in the changes you are proposing to make, and offer the opportunity for feedback and participation as an employer with operations in all jurisdictions in Australia who can benefit from the streamlined approach of single jurisdictions for all workplaces. We look forward to your final report in due course.

Yours sincerely

Paul Long
EXECUTIVE GENERAL MANAGER
UNITED GROUP LIMITED