

Self Insurers of South Australia

Public Hearing - 12 June 2003

Productivity Commission

Adelaide

Preliminary comments

- High level observations today.
- Detailed submissions to follow including surveys of self-insurers by state.
- Refer to attached submissions to recent SA Stanley review (S 5.1).

Issues for discussion today

- State profile.
- Initiatives where self insurers have led and resolved problems working in partnership with WorkCover and its predecessors
 - EERA fund, medical communications, self-insurer standards.
- Current issues.

State Profile

- South Australia - 40% of remuneration under self-insurance or Exempt employers.
- Unlike other states, the resources to support an established secretariat and 10 to 15 years of system initiatives.
- Full time manager and secretariat - role is to manage relationship with WorkCover and other regulators and to introduce benchmarks and protocols to moderate the relationships.

State profile cont.

- SISA also plays a role in promoting best practice in OH&S and facilitating the exchange of ideas and practical solutions.
- It also deals with complaints with WorkCover and also works on methods of evaluation of Performance Standards by WorkCover.
- Associate members are organisations representing all aspects of workers compensation and OH&S.
- They regularly present to members and promote improvements to risk management.

State profile

- Due in part to this proactive activity on the part of the Association, self insurers in South Australia have fewer injuries, fewer claims, better return to work rates and less legal activity than insured employers.

SISA Initiatives - EERA fund

- Fund established in 1996 following a review as to the security for the compensation fund.
- Exempt employers contribute to the fund at the rate of 1% of non exempt levy per annum.
- Pool is managed by WorkCover and returns reinvested.

SISA Initiatives - Self Insurance Performance Standards

- Standards developed with WorkCover in 1998.
- Designed to prevent system failures and to intergrate the management of OHS&W and Workers Compensation into the normal business operations of an organisation.
- Have been largely successful because they have encouraged the establishment of risk management systems according to the workplace.

SISA Initiatives - Medical communication

- Treating doctors need to understand workplace environments to make informed assessments.
- Protocols involve an agreement between SISA and the AMA, where issues can be resolved between the parties without resorting to litigation.
- Successfully operating for 3 years.

SISA lessons

- Any new scheme should include recognition of self-insurer representative bodies and formalise the relationships.
- This would engender certainty and business confidence; as well as improve OH&S feedback on best practice.

Current issues - Contribution levies

- 3 year fixed agreement on levies until a more consistent and transparent formula can be negotiated.

- Not satisfactory - reduces business certainty in the state.
- Previous example of sharp increases in the late 1990s resulted in threats of major multi-national companies leaving the state and the country.

Current issues - freezing of licenses

- Ministerial action unprecedented
- Again raises concerns over uncertainty of business arrangements.
- National option is preferred to overcome this susceptibility to local pressures.