

18 July 2003

Mr Mike Woods
Presiding Commissioner
Inquiry into National Workers Compensation
and Occupational Health and Safety Frameworks
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

Dear Commissioner

Insurance Australia Group Submission to the Productivity Commission Inquiry into National Workers Compensation and Occupational Health and Safety Frameworks.

Introduction

Insurance Australia Group (IAG) welcomes the opportunity to provide further comment on the Productivity Commission's inquiry into national workers' compensation and occupational health and safety frameworks.

This is the second submission made by IAG to the Productivity Commission's current inquiry. The first submission was lodged on 18 June and was supported by an appearance at a public hearing before the Commissioners on 26 June. A subsequent submission is currently being drafted in response to a number of issues raised by the Commission during IAG's appearance.

In this submission, IAG is providing comment in its capacity as a major employer in the Australian financial services industry rather than its role as a general insurance provider active in the workers' compensation market.

Insurance Australia Group

Insurance Australia Group (IAG) is the largest general insurance group in Australia. It provides personal and commercial insurance products under some of Australia's most respected brands including NRMA Insurance, SGIO, SGIC, CGU and Swann Insurance.

IAG employs approximately 10 000 people, with employees located in all Australian states and territories. The company's operating model is centralised with most corporate functions performed in two locations; a head office in Sydney and a smaller operation in Melbourne. While the composition of the company's workforce is largely indicative of the financial services industry, the company does maintain a number of diverse workplaces including smash repair shops and call centres as well as having a number of mobile employees such as on-site assessors.

IAG recognises that its employees are integral to its business goals. Therefore, it is committed to providing a healthy, safe and clean environment for its people, its customers and visitors. IAG's goal is to foster and sustain a positive safety culture aimed at zero harm.

The company's commitment is implemented through our *Charter for Health, Safety and Security* and underpinned by a set of Occupational Health & Safety policies and operational procedures throughout the organisation.

IAG's Chief Executive Officer is also the company's Chief Safety Officer and every manager is responsible for the well being of their staff. The company aims to deliver a consistent standard of excellence in meeting our duty of care wherever it operates. It also aims to ensure that its safety standards are reflected in its contractor/supplier relationships, our workers' compensation services and its products.

Employee insurance at IAG

The experience as a national employer operating in all the of the Commonwealth's jurisdictions uniquely positions the company to provide insight into Australia's present regulatory framework for workers' compensation and occupational health and safety.

IAG currently obtains its workers' compensation insurance through the various state systems. The company is currently investigating self insurance options for its employees, this will include examining of the suitability of accessing coverage under the Comcare system. Its key commitment is to the safety of its employees and the attainment of the safety standards required to obtain a licence in each of the jurisdictions.

However, inconsistencies between State and territory licensing regimes for prospective self insurers impose a significant administrative load on national employees; these include OH&S standards, financial stability benchmarks and employee numbers. For example, in Queensland, 2000 employees are required for the granting of a self insurance licence, yet in Tasmania the requirement is only 50 employees.

National Consistency

As a national employer, IAG accords a high premium to developing and delivering a nationally consistent employment experience for its employees. The present legislative and regulatory frameworks for workers' compensation and occupational health and safety mitigates against this objective while at the same time imposes undue additional costs on businesses.

Recommendation:

IAG supports nationally consistent frameworks in the key areas of workers' compensation insurance and occupational health and safety; such frameworks would remove unnecessary costs and compliance burdens while at the same time act to deliver optimal outcomes for injured workers and provide employers with a regulatory environment better attuned to modern business practices.

Regulatory Arbitrage

While any manifestation of industry regulation is accompanied by compliance costs, IAG believes that optimal regulatory outcomes are achieved when there is minimal impact upon best commercial practices and the principle of competitive neutrality is observed.

There exists a multitude of occupational health and safety standards in each of the jurisdictions; every state has its own head of OH&S legislation (e.g: Occupational Health and Safety Act (NSW) 2000, Workplace Health and Safety Act (Queensland) 1995, Work Health Act (Northern Territory) 1986, Occupational Health, Safety and Welfare Act (South Australia). Accompanying each of the State's Acts are the attendant regulations, codes and guidance notes. With each separate piece of legislation there are appreciable differences, some technical in nature, others more philosophical - often both.

Any moves towards national consistency in this area would be welcomed and ought not be restricted to definitional issues such as what constitutes a worker, employee or workplace, although these remain important. The Commission should also address issues of national consistency in areas such as training requirements and return to work procedures; the procedures adopted by a national employer for the latter is particularly relevant for the welfare of workers re-entering the workplace.

Return-to-work procedures mandated by the various occupational health and safety regimes is an instance of jurisdictional differences mitigating against better outcomes and workplaces for employees. Like many national employers, IAG has found that the sooner early intervention principles are applied to injured workers and the more embedded they are in the company's workplace culture, the more effective the return to work process.

In framing a company wide approach in this area of employee management, different standards in each of the states prove problematic. For example, in South Australia, the regulatory requirements contain no significant encouragement for early reporting of injuries whereas in other states there are penalties for late reporting. This anomaly is one of many encountered in the OH&S area.

A similar situation exists with the differing requirements relating to the accreditation of rehabilitation or return to work coordinators, different requirements exist in many of the states; this is particularly burdensome in cross border towns, managing mobile staff and devising uniform company training for these coordinators.

Perhaps the starkest example of unnecessary differences between OH&S requirements between jurisdictions can be found in the area of workplace first aid kits. In assessing its obligations under each of the respective OH&S frameworks, IAG found that it is not able to adopt a uniform first aid kit for its employees across the country, rather, on some items the company needed to comply with as many as eight different standards.

For example, in New South Wales workplace first aid kits require dressing tape of 2.5cm by 5m, yet in Western Australia the requirements are for 1.25 cm non-stretch hypo allergenic tape, with different requirements again in South Australia and Queensland. A similar matrix of confusing requirements exists for such items as gauze bandages and non stick wound dressing.¹

IAG concedes that the issue of First Aid Kits contents is not the most significant regulatory issue, yet it is indicative of the company's experiences in OH&S compliance.

Workers' Compensation, Occupational Health and Safety and Industrial Law

While not specifically in the purview of the Commission's current inquiry, IAG believes that existing industrial legislation should also be considered in any examination of possible national frameworks for workers' compensation insurance and occupational health and safety requirements.

Currently, national employees have the capacity to have its employees covered by the same industrial relations law in the form of the Commonwealth's *Workplace Relations Act*. The capacity of national employers to avail themselves to a uniform legislative framework does not extend to the closely related areas of workers' compensation insurance and occupational health and safety.

It is axiomatic to observe that ensuring compliance with workers' compensation and occupational health and safety standards which differ in each of the Commonwealth's jurisdictions represents an unnecessary cost to businesses and the wider community.

While a single set of national laws for workers' compensation and occupational health and safety might, in theory, solve many of these problems, it is not the only solution. A nationally uniform model endorsed by all of the jurisdictions would ameliorate many of the problems associated with inconsistency, duplication and arbitrage encountered by national employers

With increases in the mobility of human capital and transit patterns, it would be to the benefit of employers, employees, insurers and health care providers to work within a nationally consistent regulatory and legislative framework, which doesn't pay undue heed to geographical boundaries at the expense of efficiency and better outcomes for the injured.

Conclusion

Insurance Australia Group views this current inquiry by Productivity Commission as an excellent opportunity for alternative regulatory and legislative frameworks in the areas of workers' compensation and OH&S to be examined, particularly those alternatives which include moves towards harmonising existing requirements across jurisdictions or a consistent national framework. In addition to the benefits that would accrue to the economy as a whole, IAG believes such models would lead to faster return to work times and improved health outcomes for injured workers.

¹ First Aid in the Work Place Guide 2001 OHS Regulations NSW, ACT First Aid in the Workplace Code of Practice 1994, Code of Practice (No 18) First Aid in the Workplace 1995

Any queries relating to this submission should in the first instance be directed to Dallas McInerney of the Government Relations & Policy unit, ph: 02 9292 8253.

Yours sincerely

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