

National Council of Self Insurers

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28 January, 2004

National Workers Compensation and OHS Inquiry
Productivity Commission
PO Box 80
Belconnen ACT 2616

Dear Sir / Madam

**RE: NATIONAL COUNCIL OF SELF INSURERS RESPONSE TO THE
PRODUCTIVITY COMMISSION INTO NATIONAL WORKERS
COMPENSATION AND OH&S.**

The National Council of Self Insurers (NCSI) is largely supportive of the recommendations made in the Interim Report of the Productivity Commission.

The NCSI is particularly supportive of those recommendations specific to the establishment of a national self insurance framework for companies currently self insured, or insured in multiple jurisdictions.

Self insurance, which requires the direct accountability for management of Occupational Health Safety and Welfare, and Workers Compensation, should be encouraged in the interests of sustainable business development in Australia.

The maintenance of a competitive position in the global marketplace is a real consideration in long-term strategic planning for all self-insured companies.

A properly constructed national self insurance framework would lead to greater efficiencies, offer significant savings to companies operating in more than one state and contribute to the ability for companies to compete in the global marketplace.

The preferred option of the NCSI is for an increase in choices for employers operating in more than one state such that they can choose from:

- Access to national self-insurance under a modified Comcare framework, or :
- A national framework involving mutual recognition, and consistency in licensing and audit requirements to satisfy self-insurance capability.

Consistency in these areas would reduce the costly and duplicative processes involved in satisfying the requirements of multiple regulators, whilst allowing self-insured companies to continue to operate within their state based legislative frameworks.

The NCSI does not support the existing Comcare scheme as a vehicle for a national self-insurance option. However we understand that Comcare may provide a regulatory framework to facilitate a national self-insurance option, and therefore be included in the final recommendation of the Productivity Commission.

If that were to be the case, the NCSI would most strongly submit that entry to the Comcare scheme should be an optional choice for self-insured companies, and that significant modifications would be required to the administrative structure of Comcare to make this an attractive proposition for self-insurers.

Key points in relation to the above are;

- Participation in a national insurance scheme must always be optional.
- Whilst not recommended by the Productivity Commission, the NCSI would want to pursue in greater detail the concept and definition of mutual recognition, and consistency in self-insurance licensing requirements between jurisdictions.

Mutual recognition as envisaged by the NCSI, would allow a self-insurer qualified in a particular state, to self insure in all states of operation, subject to one set of licensing and audit requirements, but also subject to the legislation applying in the state of operation.

- The existing Comcare scheme would need to be significantly modified before the NCSI would recommend it as an option to its members.

The NCSI believes that the benefits provided by, and administrative arrangements associated with Comcare in its current form could make it more costly for national employers operating across several jurisdictions.

The NCSI would see itself as a key stakeholder in any forum for discussions to consider modification of the Comcare scheme as a vehicle for self-insurance.

- The following key points apply whether relating to a national scheme or to a system of mutual recognition.
 - For a national self insurance license to be attractive to employers, requirements need to be streamlined, consistent, and of a value adding nature; (e.g. no minimum employee numbers, consistent and credible auditing, streamlined reporting, and flexible or rolling license periods).
 - If Comcare were to be offered as a framework for national self-insurance, significant modifications would be required to make such an option viable and attractive.

- There should be a standard set of reasonable prudential requirements administered by a body such as APRA, but using a tailored self-insurer, not insurer, framework.
- Unnecessary bureaucracy should be kept to a minimum in both license management and claims management processes.
- The regulatory and operational functions of the workers compensation authority should be kept separate.
- Workers compensation in Australia should be monitored by a national body with self –insurer representation, commercial acumen and appropriate skills and expertise.
- Compensable injuries should be defined as those for which employment is “the” substantial cause, and within the sphere of control of employers. For example, non work related heart attacks or injuries occurring during a journey to or from work should not be covered by workers compensation.
- Commutations / redemptions should be available.
- Access should be retained to the successful alternative dispute resolution facilities available in each state.
- self-insurance is not just about financial savings, it is about people management, and having the administrative flexibility to determine and control claims with targeted resourcing and best practice systems.
- Moves to increase nationally consistent OHS&W arrangements by increasing the effectiveness and responsibilities of a national body such as NOHSC are supported.

In providing these comments, the NCSI has represented the majority views of the respective State Self-Insurer Associations and self-insured companies.

I am available to discuss the above in greater detail at your request, meanwhile, the NCSI awaits with much interest the delivery of the final recommendations of the Inquiry.

Yours sincerely,

Darryl Turner
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National Council of Self-Insurers

