



COMMONWEALTH SAFETY MANAGEMENT FORUM

ABN 70 136 341008

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

Dear Commissioner,

Final submission to the inquiry

We thank you for the opportunity to provide you with a further submission to the inquiry process, following the release of the interim report in October 2003, and seek your indulgence to consider our input despite its late forwarding.

The Commonwealth Safety Management Forum (CSMF) 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 a tangible, genuine outcome from this process, taking careful measured steps on an agreed timetable with the Workplace Relations Ministers Council (WRMC) and the National Occupational Health and Safety Commission (NOHSC) playing the initial enabling roles for the Workers' Compensation and OH&S considerations respectively.

The CSMF offers to the Commission the opportunity to work collaboratively in identifying, planning and implementing the overall goals of improvements in injury prevention and a reduction in the severity of injuries, illness and disease in the workplace. 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.

Our organisation is well placed as an independent, not-for-profit Incorporated Association with several years experience in working under these legislative frameworks, providing information, support and advice to existing Australian Government Departments and Self Insurers who are covered by the Federal legislation. Our sponsors include Comcare, Health Services Australia, the Australian Quarantine Inspection Service and Telstra.

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" to manage this project is a critical priority.

The following table is an example of how the process may meet some of the goals of deciding what to do, how and when, specific to OH&S. This table is not exhaustive or complete with all potential options:

When	What	How
By end 2004	Establish National Board for OH&S; Enable companies to access the OH&S (CE) Act 1991 framework	Commission to recruit/ select core representatives and technical experts for fixed term (eg 3 years); Introduce specific definition for classification of eligible entities to be able to access this legislation on an interim or trial basis
By end 2005	Have consent to a National OH&S Framework for all jurisdictions	Consultation through "National Board" with key stakeholders (eg NOHSC, State & Territory Governments, WRMC & Department of Employment and Workplace Relations) to ensure consistencies and regional exceptions are catered for efficiently
By end 2006	Have run trials and pilots on effectiveness of new arrangements	Select various entities (eg larger national & multinational companies, representatives from various industries selected for participation and organisations who meet identified criteria and nominate to access the arrangements) and trial various aspects of the National Framework to identify impact of change from current situation
By end 2007	National model for Framework agreed; Consideration of first 5 years of NOHSC 10 year plan	Review and evaluate trials and pilots from previous year to identify any core issues requiring attention; Review performance of jurisdictions for first 5 years of NOHSC strategy 2002-2012; Implement National Framework for OH&S in Australia under one jurisdiction and one compliance & management protocol/model; Provide resources through National Board for ease of compliance and consistency in record keeping and reporting for OH&S matters

In a parallel process, the Commission should also consider the establishment of a working party within the National Board to examine the merits and issues pertaining to National Workers Compensation arrangements. This would increase the likelihood of incorporating key learnings from the establishment of uniform National OH&S frameworks into a new National Workers' Compensation scheme.

Key issues 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 then apply 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 database for the recording and reporting of all workplace hazards, incidents and injuries under a nationally consistent framework will enhance the quality of forecasting the financial impact of the change, which should be improved through a reduction of repeat processes for employers and greater clarity for employees.

This approach would lessen the potential negative impact of the changes, and allow key transitional arrangements such as staffing for the new scheme to be managed. It is likely that each State and Territory would maintain a physical presence in relation to OH&S and Workers' Compensation under the new scheme.

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 and to ensure that no stone is left unturned in examining the structure for the best Workers' compensation arrangements in the developed world. This should be our ultimate goal.

There is a potential for conflict of interest with some organisations being involved as strategic stakeholders in the consultations for a new scheme as well as being potential service providers in relation to the new arrangements.

As an observation, Comcare are also reviewing their premium calculation model at present, even though there is a significant amount of material on the public record that Comcare is one of the best performing jurisdictions in Australia.

We strongly support the recommendations relating to injury management in considering the new national model. The CSMF could assist the Commission in the facilitation of consistency in policy frameworks and consultation mechanisms through our regular meetings and via our interactive website (www.csmf.net.au).

We are, from an overall perspective, 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.

For further information relating to this submission please contact John Schofield, Executive Member of the CSMF, on 0416 049 583 or via email john@aschonel.com.

Yours sincerely

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Chairman
Commonwealth
Safety / "'
Management Forum
13 February 2004