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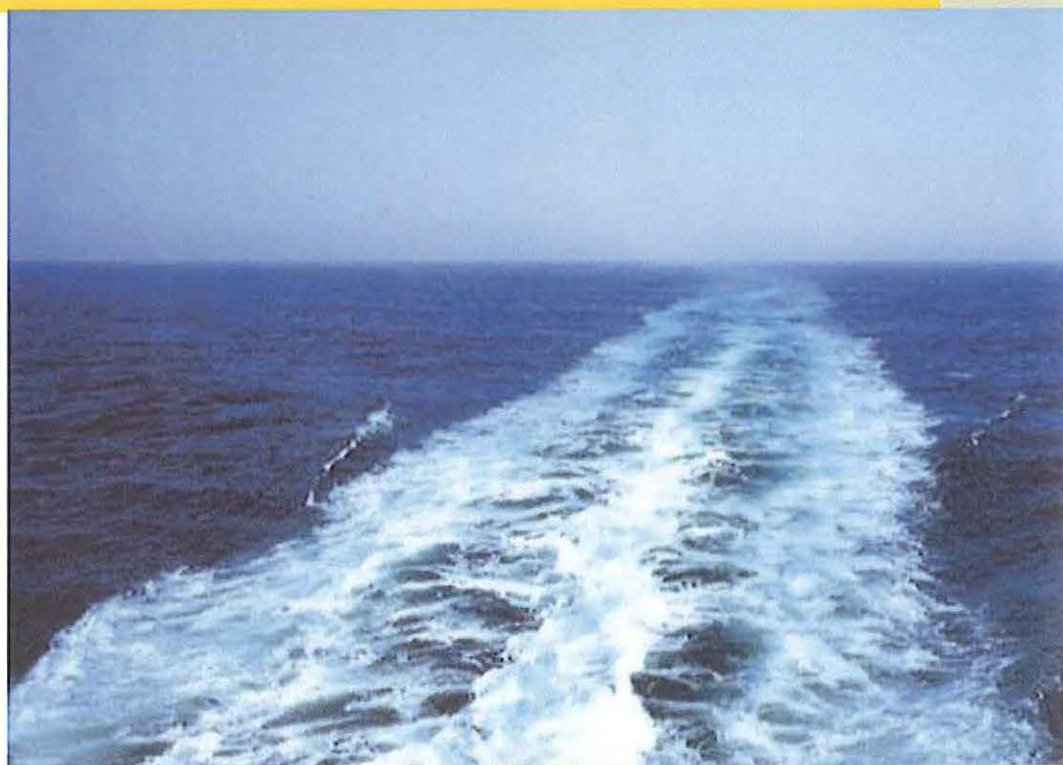
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Finance and
Administration Committee

2012

Inquiry into the Operation of the Queensland Workers' Compensation Scheme



Submission to the Finance and
Administration Committee

Submission by:



Australian Shipowners Association

3 August 2012

1 Introduction

This submission is made on behalf of the Australian Shipowners Association (ASA).

ASA represents Australian companies which own or operate:

- international and domestic trading ships;
- offshore oil and gas support vessels;
- floating storage and offtake vessels;
- cruise ships;
- domestic towage and salvage tugs;
- scientific research vessels; and
- dredges

ASA also represents employers of Australian and international maritime labour and operators of vessels under Australian and foreign flags.

ASA welcomes the opportunity to make a submission to the Finance and Administration Committee regarding an inquiry into the Queensland Workers' Compensation Scheme (Scheme). As part of the review, the Committee is required to consider the following:

1. the performance of the scheme in meeting its objectives under section 5 of the *Workers Compensation and Rehabilitation Act 2003*;
2. how the Queensland workers' compensation scheme compares to the scheme arrangements in other Australian jurisdictions;
3. WorkCover's current and future financial position and its impact of the Queensland economy;
4. whether the reforms implemented in 2010 have addressed the growth in common law claims and claims costs that was evidenced in the scheme from 2007-2008;
5. whether the current self-insurance arrangements legislated in Queensland continue to be appropriate for the contemporary work environment;
6. implementation of the recommendations of the 'Structural Review of Institutional and Working Arrangements in Queensland Workers' Compensation Scheme'.

ASA Members have had some interaction with the Scheme. To the extent observations of ASA Members may be useful in this inquiry our responses to the above items, where relevant, are set out below.

1. Performance of the Scheme in meeting its objectives.

It has been the reported experience of ASA Members that have had interaction with the Scheme that the objectives of the *Workers Compensation and Rehabilitation Act 2003* (Act) are substantially being met. The objectives of the Act represent an attempt by the legislature to balance the need to fairly compensate workers who are injured in the course of their employment/engagement and not placing too heavy a burden on employers, industry and the community. It is critically important that the Scheme continues to revert to these objectives in its operation, which are specifically an aid to the interpretation of the legislation that governs the Scheme.

2. Comparison of the Queensland Workers' Compensation Scheme with arrangements in other Australian Jurisdiction.

Please see example outlined below relating to self-insurance.

3. Financial Position of the Scheme and its impact on the Queensland economy.

Ensuring that the scheme is financially viable is critical. Part 7 of the Act sets out how the Authority is to be funded and permits the Authority to set up accounts and establish a reserve which it determines to be appropriate. Such contributions from industry through the payment of premiums should only be set at amounts that are reasonable for the ongoing functioning of the Authority.

This is to ensure that the cost of premiums do not impose an unreasonable cost burden on Queensland employers.

5. Whether current Self-Insurance arrangements are appropriate.

As is available in many other comparative jurisdictions, it is imperative that the legislation continue to provide the ability for organisations to self-insure for potential workers compensation liability. Most comparable state workers compensation regimes will provide the ability for organisations that meet specified criteria to self-insure for potential liabilities under workers compensation legislation. ASA submits that Chapter 2 Part 4 of the Act which determines that self-insurance may occur should be retained.

Section 71 of the Act determines that the Authority must be satisfied an organisation meets certain criteria before a licence to self-insure may be issued. The criteria is quite specific and it would be ASA's recommendation that a comparison be undertaken with equivalent regimes in other State and Territory regimes to determine whether this criteria, and in particular the requirement for a minimum of 2000 full time workers employed in Queensland, is appropriate. For example, on its website WorkCover SA considers that more than 200 full time equivalent employees will be considered a 'significant level of employment' as is required by their guidelines for self-insurance.¹

It is essential that employers not be unduly prohibited from entering into self-insurance arrangements provided they have the financial capacity to do so and the Authority is satisfied that the employer company will satisfactorily meet all the requirements of the Act.

¹ <http://www.workcover.com/employer/self-insured/becoming-self-insured>