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14 AUG 2012

Mr Michael Crandon MP  
Chair  
Finance and Administration Committee  
Parliament House  
George Street  
Brisbane Qld 4000

Department of Transport and Main Roads  
Office of the Director-General  
85 George Street Brisbane  
GPO Box 1549 Brisbane  
Queensland 4001 Australia  
Telephone +61 7 3306 7316  
Facsimile +61 7 3306 7122

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Finance and  
Administration Committee

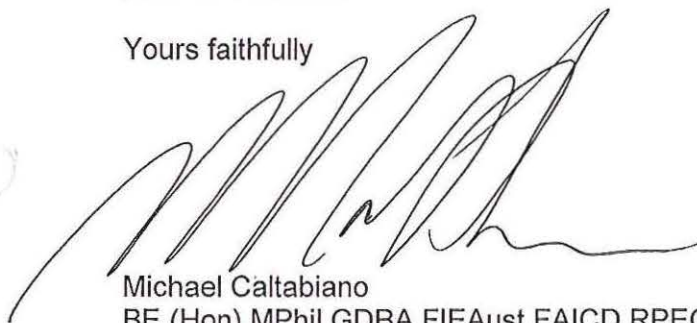
Dear Mr Crandon

Thank you for your letter inviting the Department of Transport and Main Roads (TMR) to make a written submission to the Finance and Administration Committee's inquiry into the operation of Queensland's workers' compensation scheme.

TMR appreciates the opportunity to lodge a written submission with regard to the inquiry. Enclosed is TMR's written submission.

If you require further information, please call Mr Matthew Richards, Senior Advisor (Injury Management), Workplace Health and Safety Branch, on 3137 7602. Mr Richards will be pleased to assist.

Yours faithfully



Michael Caltabiano  
BE (Hon) MPhil GDBA FIEAust FAICD RPEQ IAMA  
Director-General  
Department of Transport and Main Roads

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All workers' compensation jurisdictions in Australia allow employers to self-insure. Self-insurance is possible if organisations can meet certain financial criteria to fund their future liabilities. In Queensland Q-COMP may issue or renew a licence for a single or group employer to be a self-insurer if the employer meets the following criteria (s. 71, *Workers' Compensation and Rehabilitation Act 2003*):

- The number of full-time workers employed in Queensland is at least 2000.
- Occupational health and safety performance is satisfactory.
- The licence will cover all workers employed in Queensland.
- The employer has given Q-COMP an unconditional bank guarantee or cash deposit.
- The employer has reinsurance cover.
- All workplaces are accredited by Q-COMP, or if not are adequately serviced by a rehabilitation and return to work coordinator who is in Queensland and employed under a contract (the contract can be a contract of service).
- The employer has workplace rehabilitation policy and procedures.
- The employer is fit and proper to be a self-insurer.

Group licences are restricted to:

- related bodies corporate (as defined in Corporations Law) - all related bodies corporate that employ workers in Queensland are included in the application
- employers in the same industry who have a pre-existing stable business relationship

Self-insured employers provide accident insurance for their workers, instead of insuring with WorkCover Queensland. Once an employer self-insures they no longer pay workers' compensation premiums and are able to manage their own claims and rehabilitation and essentially are responsible for the cost-effectiveness of their workers' compensation liabilities.

Queensland Government agencies cannot self-insure and are required to meet their workers' compensation insurance obligations with WorkCover Queensland. Individual departments cannot apply for single self-insurance licences unless all departments are joined in the licence.

If the department were able to self-insure, analysis of our workers' compensation claims experience suggests there is the potential for greater efficiencies in the management of our claims with a subsequent reduction in our premium costs. Furthermore, being able to manage our own claims within the workplace would remove the current challenges associated with internal processes of WorkCover Queensland that are placing an increasing burden on the department to undertake investigations on their behalf.

Alternatively, the system in place in Western Australia is one to be considered. The government of Western Australia adopted a managed fund approach to administer all insurable risks of its public authorities, including workers' compensation coverage.

RiskCover's purpose is to minimise the cost of risk to the Government of Western Australia and their main business activities are to manage and administer insurance and risk management arrangements on behalf of public authorities (Government Agencies).

The department considers a similar scheme could potentially be established under the Queensland Government Insurance Fund (QGIF). Currently QGIF enables agencies to manage their property and liability risks but the cover is limited. No compulsory insurances such as workers' compensation are provided by QGIF.

## Summary

The Department of Transport and Main Roads submits that consideration needs to be given to provide Government Agencies with options to better manage their workers' compensation claims management function. Options could include:

1. Self-insurance – the department considers benefits include incentives to improve injury prevention and rehabilitation performance leading to continuous improvement in workplace safety and return to work outcomes.
2. A Managed Fund arrangement similar to Western Australia's RiskCover which could be undertaken by the Queensland Government Insurance Fund – the benefits include a Whole-of-Government collaborative approach to managing workers' compensation claims to embed a risk management culture resulting in reduced costs and greater business efficiencies across the public sector.