



Submission to: the Queensland Legislative Assembly Finance and Administration Committee inquiry into the Operation of Queensland's Workers' Compensation Scheme

Introducing Leading Age Services Australia Queensland

Leading Age Services Australia (LASA) is the peak national body representing the age services industry in Australia.

As part of the LASA national federation, Leading Age Services Queensland (LASA Q) advocates on behalf of providers of aged and community care and retirement living services in Queensland.

With a membership exceeding 400 organisations over approximately 800 sites across the State, LASA Q provides leadership, advocacy, and representation on industry related issues to assist members adapt to a dynamic and continuously maturing market place.

A key priority in LASA Q's Strategic Plan is to: ***Explore the value proposition of an industry based self-insurance scheme.***

A key State Election 2012 platform for LASA Q (formerly Aged Care Queensland) was to: ***call upon all political parties and candidates to align with the majority of Australian states and remove the requirements that an employer or industry group have a minimum Full Time Establishment (FTE) in order to operate a workers' compensation self-insurance scheme.*** Attachment A provides details of the Workers' Compensation Self-Insurance Information Sheet distributed to political parties and candidates prior to the State Election 2012.

LASA Q supports the findings of the National Council of Self Insurers and Aged Care Employers Self-insurance (ACES) in their submissions to the Queensland Finance and Administration Committee Inquiry to the Operation of Queensland's Workers' Compensation Scheme.

LASA Q and our members value this opportunity to contribute to the inquiry and wish to thank the Committee for their due consideration of this submission.

Mr Nick Ryan
Chief Executive Officer
Leading Age Services Australia Queensland
6 Pavilions Close Jindalee QLD
07 3725 5555
nick.ryan@qld.lasa.asn.au

Marcus Riley
President
Leading Age Services Australia Queensland
6 Pavilions Close Jindalee QLD
07 3725 5555
linda.patterson@qld.lasa.asn.au

Executive Summary

This submission is in response to the Queensland Parliamentary Inquiry into the Operation of Queensland's Workers' Compensation Scheme, and in particular, the Terms of Reference: *whether the current self-insurance arrangements legislated in Queensland continue to be appropriate for the contemporary working environment.*

Since 2007/2008 WorkCover's Premium Rate has increased by 95%, placing increasing and unsustainable financial burden on the operational and recurrent costs of age service providers.

LASA Q has advocated on the issue of self-insurance on behalf of members on several platforms including, in representation to political parties and candidates during the 2012 State Election and in prioritising investigations into the value proposition of self-insurance for the industry in the LASA Q strategic plan.

Employers in the Queensland age services industry are committed to high levels of workplace health and safety for all staff, and seek the option to establish an efficient and effective Workers' Compensation Self-Insurance Scheme that meets all regulatory and prudential requirements.

LASA Q's submission identifies key barriers to age service industry providers' accessing self-insurance as:

- the 2,000 Full Time Equivalent (FTE) eligibility provisions, required ONLY under Queensland's legislation, and not applicable in any other jurisdiction
- the series of other 'candidacy' requirements (not FTE related) involved in transitioning to self-insurance, resulting in significant barriers such as up-front costs and other investments for age service providers.

LASA Q suggests addressing existing barriers to age services providers accessing self insurance by:

- abolishing the current provision for a minimum of 2,000 FTEs to access self-insurance
- reviewing the *Workers' Compensation and Rehabilitation Act 2003* to afford employers and industry groups greater options in accessing self-insurance schemes (providing all prudential requirements are met)
- reviewing National Workplace Health and Safety Harmonisation strategies to ensure a more uniform approach to self-insurance across the country.

Implementation of these recommendations can be expected to result in the following benefits:

- a fair and equitable right to establish/access an industry self-insurance scheme; commensurate with rights in other national jurisdictions
- cost savings to providers through reduced self-insurance workers' compensation premiums.

- a transparent and shared commitment within the industry to ensure the robustness of an age services self-insurance scheme and that systems standards are maintained
- a closer industry interest in risk prevention and rehabilitation.

Background

Workers' compensation in Queensland is regulated under the *Workers' Compensation and Rehabilitation Act 2003* and associated regulation.

Since 2007/2008 WorkCover's Premium Rate has increased by 95%, with increases expected to continue (based on Queensland Government intentionsⁱⁱ). This is placing rising and unsustainable financial burden on the operational and recurrent costs of age service providers.

This table illustrates the WorkCover Premium Rate increase for Aged Care Residential Services, with an expected 17.9% increase for 2012/13:

2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
1.760	1.874	2.016	2.456	2.918	3.436

In turn, these increasing costs have directly impacted (and will continue to impact) the services provided to older Queenslanders.

LASA Q has advocated on the issue of self-insurance on behalf of our members on several platforms including, in representation to political parties and candidates during the 2012 State Election and in prioritising investigations into the value proposition of self-insurance for the industry in the LASA Q strategic plan.

Queensland currently has the most restrictive regulatory barriers for employers and/or industry groups seeking to establish a self-insurance scheme.

In Queensland there is a requirement that an employer or industry group have a minimum of 2,000 FTEs before application can be made to establish a Workers' Compensation Self-Insurance Scheme. This is not the case in the other Australian jurisdictions.

There is evidence that employers and/or industry groups who participate in workers' compensation self-insurance schemes take a closer interest in risk prevention and rehabilitation. In turn, especially where a fund is well run, there are often reductions in premiumsⁱⁱⁱ.

In the age services industry, where federal funding does not keep pace with inflation, every dollar saved means more and better care for older Queenslanders.

Barriers to the age services industry accessing self-insurance schemes

By far and away the biggest impediment to Queensland age service providers accessing self-insurance is the 2,000 FTE equivalent provisions within the Queensland legislation.

This FTE restriction does not exist at all in the jurisdictions of Victoria, Western Australia, Tasmania or the Northern Territory. Self-insurance eligibility requirements for NSW are > 500 workers (full or part-time), and >200 workers for South Australia.

Even when the 2,000 FTE eligibility requirement is met, the transition to self-insurance requires a series of 'candidacy' requirements be satisfied through WorkCover and QComp, including consideration of an organisation's ability to meet prudential responsibilities under the Act by way of external audit.

Establishing eligibility, as well as then managing systems integration and implementation brings with it a number of up-front costs and investments to be incurred by an already financially constrained age services industry.

Workplace Health and Safety and WorkCover specialist skills for the aged care industry are, in general, under developed when compared with other industries. There are established consultants within the age services industry cable of conducting preliminary audits to ascertain eligibility and/or compliance with prudential responsibilities under the Act.

Accessing the benefits of self-insurance

National Workplace Health & Safety Harmonisation (effective as at 1 Jan 2012) should mean that the prohibitive requirement of 2,000 FTE is removed to prevent continued disadvantage to Queensland employer and industry groups.

A successful age services self-insurance scheme (Aged Care Employers Self-insurance (ACES) has already been implemented in Queensland, with three age services organisations uniting to meet the 2,000 FTE eligibility provision^{iv}. ACES have also made a submission to this Parliamentary Inquiry into the Operation of Queensland's Workers' Compensation Scheme, which LASA Q supports and commends to the Committee.

It is understood that transitioning to a self-insurance model is not without risk, hence the need for prudential requirements to be met. However, self-insurance can create a transparency and shared commitment within the industry that ensures the robustness of the scheme and that systems standards are maintained.

There is evidence that employers and/or industry groups who participate in Workers' Compensation Self-insurance schemes take a closer interest in risk prevention and rehabilitation. In turn, especially where a fund is well run, there are often reductions in premiums^v.

Recommendations

Employers in the Queensland age services industry are committed to high levels of workplace health and safety for all staff, and seek the option to establish an efficient and effective Workers' Compensation Self-Insurance Scheme that meets all the regulatory and prudential requirements.

Therefore it is recommended the Committee consider:

- immediately addressing the rising and unsustainable WorkCover Premium Rate increase for Aged Care Residential Services
- abolishing the current provision for a minimum of 2,000 FTEs to access self-insurance

- reviewing the Workers' Compensation and Rehabilitation Act 2003 to afford employers and industry groups greater options in accessing self-insurance schemes (providing all prudential requirements are met)
- reviewing National Workplace Health and Safety Harmonisation strategies to ensure a more uniform approach to self-insurance across the country.

ⁱ Submission to the Queensland Legislative Assembly Finance & Administration Committee inquiry into the operation of the Queensland workers compensation scheme July 2012

ⁱⁱ Discussion Paper "The Queensland Workers' Compensation Scheme: Ensuring Sustainability and Fairness" - Department of Justice and Attorney General February 2012

ⁱⁱⁱ Submission to the Queensland Legislative Assembly Finance & Administration Committee inquiry into the operation of the Queensland workers compensation scheme July 2012

^{iv} ACES is a collective of age services providers comprising RSL Care, TriCare and Sundale who banded together to overcome the Queensland FTE restrictions

^v Submission to the Queensland Legislative Assembly Finance & Administration Committee inquiry into the operation of the Queensland workers compensation scheme July 2012