



31 August 2012

124



The Research Director
Finance and Administration Committee
Parliament House
George Street
BRISBANE QLD 4000

Dear Sir/Madam

Re: Inquiry into the operation of the Queensland Workers' Compensation Scheme

Wesfarmers, as the owner of the Coles Group Ltd Self-Insurance Licence, welcomes the opportunity to make a submission to the Finance and Administration Committee in response to the parliamentary inquiry into the operation of Queensland's Workers' Compensation Scheme ("the scheme").

Generally speaking, Wesfarmers considers the Queensland scheme performs well when compared to other state workers' compensation schemes. Although we consider some reform is needed, we would caution stakeholders that any proposed changes should not result in leading us towards a long tail or pension based scheme as these models appear to be economically and socially unsustainable. We strongly believe and support the scheme focus on injury prevention, employer based injury management and sustainable return to work.

We also believe it is important to have a competitive and stable workers' compensation environment in Queensland that provides flexible and cost effective insurance and injury management options for employers. It is important the scheme remains competitive with other workers' compensations schemes to encourage investment in Queensland and also provide an environment for employers to develop and promote growth within the state.

The attached submission provides recommendations into the key issues for the Committee's consideration. Should you have any questions in relation to our submission please contact me on (07) 3347 0905 or rmcloughlin@wesfarmers.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to be "Richard McLoughlin", written over a horizontal line.

Richard McLoughlin
QLD/NT Manager
Wesfarmers Group WorkCover

Enc

SUBMISSION

Issue 1

Common Law Claims

There has been significant debate over whether the reforms implemented in 2010 have adequately addressed the growth in common law claims. Early indications from QCOMP and WorkCover Queensland suggests that there has been some impact on reducing common law claims although the cohort of claims is still too small to be statistically meaningful at this stage.

Wesfarmers experience is that the 2010 reforms, specifically with respect to contributory negligence, duty of care and capping general damages has seen some positive developments, both in respect to defending liability and limiting damages for pain and suffering and economic loss.

Wesfarmers supports any initiative that addresses the rise in common law numbers and costs. We would support further reforms around plaintiff legal costs given these costs are significant and potentially in the vicinity of \$120m - \$200m, which impacts greatly on what compensation is then paid to injured workers. The interests of injured workers needs to be protected and costs to the scheme should be transparent, so we would support any move to limit the speculative nature of "No Win No Fee" cost agreements, which in turn would reduce the amount paid in compensation.

Another way of limiting the costs of common law would be to introduce a threshold, currently Queensland and ACT are the only schemes with unlimited access to Common Law. In our experience a significant proportion (30%) of our Common Law claims have zero per cent Work Related Impairment. Wesfarmers is of the view that the intent of the legislation is to adequately and fairly compensate injured workers who have been left injured as a result of a work place injury and therefore would support the introduction of a five per cent threshold whilst still maintaining the entitlements and benefits of our short tail scheme.

Issue 2

Journey and Recess Claims

Wesfarmers is of the view that the intent of the Workers' Compensation scheme is to protect employees from "workplace" injuries, as an employer we have no control over the risks that employees are subjected to when on a journey to and from work or whilst on a recess. As a self-insurer we are exposed to the full costs of these claims, whereas those employers not self-insured are not affected as the "scheme" absorbs these costs.

It is worth noting that most other state schemes don't offer this protection or are restricting coverage.

Issue 3

Psychological Claims

Wesfarmers is of the view that the provisions for psychological claims need to be strengthened. A significant amount of resources is required to investigate and review applications of this type which generally include numerous allegations, over significant periods of time that are primarily industrial relations in nature.

Our rejection rates for these types of claims are in excess of sixty per cent which in our view supports stronger legislative provisions, such as what we had previously which stated "employment must be the **major** significant contributing factor" compared to the present provision being "employment must be a significant contributing factor".

Issue 4**Self-Insurance**

Wesfarmers would support any reforms that reduce the restrictions on employers in Queensland who would like to self-insure. In our view, financial viability is a more robust assessment of an employer's appropriateness to self-insure.

Wesfarmers also believes that self-insurance allows the government to transfer significant financial risks relating to future claim liabilities to the private sector. The bank guarantee for self-insurers of at least 150% of future claim liabilities ensures the risk to the scheme is extremely low.

Wesfarmers considers the minimum threshold of 2,000 employees to be an artificial barrier and suggests reducing this to 500 or removing it completely, and relying on financial viability and an employer's health and safety systems and performance.

Issue 5**Licence Renewals**

Wesfarmers would support moves to extend licence renewals for up to six years, this would in turn reduce the administrative burden on Q-COMP and reward those self-insurers assessed by Q-COMP to be "low risk" due to high standards and performance.