



3 September 2012

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

Racing Queensland Limited  
A.B.N 52 142 786 874  
Racecourse Rd Deagon QLD 4017  
PO Box 63 Sandgate QLD 4017  
T 07 3869 9777  
F 07 3269 6404  
E [info@racingqueensland.com.au](mailto:info@racingqueensland.com.au)  
W [www.racingqueensland.com.au](http://www.racingqueensland.com.au)

Emailed: [fac@parliament.qld.gov.au](mailto:fac@parliament.qld.gov.au)

#### **Inquiry into the operation of Queensland workers' compensation scheme**

Dear Sir/Madam

I write to you in relation to the Queensland Jockeys Association (**QJA**) submission dated June 25, 2012, seeking amendment to the *Workers Compensation and Rehabilitation Act 2003 (Act)*.

Racing Queensland Limited (**RQL**) is the control body with responsibility for thoroughbred racing in Queensland. RQL has provided workers' compensation coverage for jockeys and apprentice jockeys under a Contract of Insurance (**COI**) with WorkCover Queensland since 2004.

Under the Act, jockeys are excluded from the definition of 'worker' under the 'sportspeople' provisions in Schedule 2 of the Act. Despite this exclusion, RQL recognised that jockeys are an integral part of racing in Queensland and the lack of some form of 'compensation' coverage was a threat to the viability of the racing industry.

As a consequence, RQL negotiated a COI with WorkCover Queensland to ensure jockeys and apprentices were covered whilst participating in the industry. This policy covers all jockeys riding in races and trials or carrying out trackwork at registered Queensland race tracks. The policy also covers jockeys whilst on a journey to or from one of these activities.

The annual premium for this policy has escalated to a significant degree over the past five years with the cumulative cost of premiums for the period from 2008-09 to the current 2012-13 renewal reaching \$11.94 million.

When assessing the true cost of workers' compensation to RQL, it should be noted that RQL is required to pay injured jockeys the employer excess, which currently is the lesser amount of 100% of QOTE (\$1330.50) or 85% of NWE. With an average of 100 claims per annum over the past five years, this additional cost has been significant. RQL also partially funded an insurance 'top up' policy for two years to ensure that higher earning jockeys were not disadvantaged financially. RQL entered into discussions with the Australian Jockeys

Association (AJA) and QJA, who recommended the referral for top earning jockeys to the national cover provided by Gow Gates. RQL accepted this recommendation given the increasingly high premiums for coverage at a State level, as insurers did not have an appetite to continue this coverage and found it unprofitable.

WorkCover data provided to RQL over the past five years indicates that the total cost of claims each year has generally exceeded \$1.6 million (excluding the period impacted by the equine influenza outbreak, which curtailed the industry for months).

Over the past five years, RQL has had their insurance brokers investigate the possibility of securing alternative cover in the private insurance market, but the cost of equivalent coverage was prohibitive with the insurance industry not having the appetite for the high risk activities.

The original coverage under RQL's COI was somewhat restricted with capping on benefits but RQL has negotiated with the QJA on several occasions to increase the extent of coverage, weekly entitlements and various other terms of the policy.

These include:

- Increasing the maximum weekly benefits payable several times.
- Reducing the excess period where the injured jockey was not eligible for weekly payments.
- Increasing the maximum cap for entitlements.
- Amending the formula for calculating NWE to include interstate riding fees & other apprentice jockey earnings.
- Extending the coverage of the policy to racing and trackwork related activities within specific racing precincts.

The key premium drivers of the COI policy are the severity of injuries sustained by jockeys, the high cost of medical, hospital and ancillary treatment, and the lack of suitable duties available for injured jockeys whilst recuperating from their injuries. Unlike other industries, RQL does not have a range of suitable duties available in the racing environment under their control to allow jockeys a graduated return to work program without exacerbating their injuries.

Comparison of current jockey entitlements across the various Australian jurisdictions indicates that there is not a significant disparity in rates. Recent changes to the New South Wales scheme entitlements have resulted in a reduction in benefits and coverage.

RQL is in a unique situation when trying to maintain a balance in funding Queensland's racing industry. Unlike other industries where WorkCover's Experience Based Rating (EBR) premium formula provides for employers that have one or two bad years to be sheltered from significant premium increases by capping provisions, under the EBR formula, well performed policyholders subsidise poor performers by keeping the industry rate down. RQL does not have an 'industry rate' to fall back on and are effectively charged a 'full cost recovery', plus administration cost in the WorkCover premium calculation. RQL understands that WorkCover Queensland is required to operate as a viable commercial business and cannot subsidise RQL's premium costs.

However, if the submission by the QJA is successful, RQL envisages further significant premium increases as there are no other 'industry' participants to balance the costs. If jockeys become 'deemed' workers as proposed by the QJA, the impact on RQL's premium would be significant.



Key issues that would drive the premium higher include:

- Access to common law.
- Inclusion of 'secondary income' in the calculation of a jockey's NWE.
- Inclusion of paid trackwork where the relationship is with a third party but exposure with RQL.

RQL proposes that the status quo is maintained with the QJA entering into negotiations with RQL to identify an adequate formula for capping of entitlements. In past years, RQL has demonstrated their willingness to vary the COI conditions in response to identified anomalies.

Several of the case studies provided in the QJA submission indicate that the concurrent employment of jockeys is their primary income. For RQL to enter into a COI providing the full 85% of new, as defined in the Act, there is every likelihood that premium increases would be unsustainable.

This potential increase would place a significant burden on the racing industry in Queensland, which RQL will not be able to sustain going forward without having to reduce industry prizemoney and jockey riding fees. RQL wants to grow the overall racing industry contribution to industry stakeholders, but overall wagering has remained flat with increasing competition.

If you have any queries in relation to this submission, please do hesitate to contact me on (07) 3869 9702 or [acarter@racingqueensland.com.au](mailto:acarter@racingqueensland.com.au).

Yours sincerely



**ADAM CARTER**  
*Acting Chief Executive Officer*