

The Research Director
Finance and Administration Committee
Parliament House
Brisbane Qld 4000

By email: fac@parliament.qld.gov.au



Dear Committee

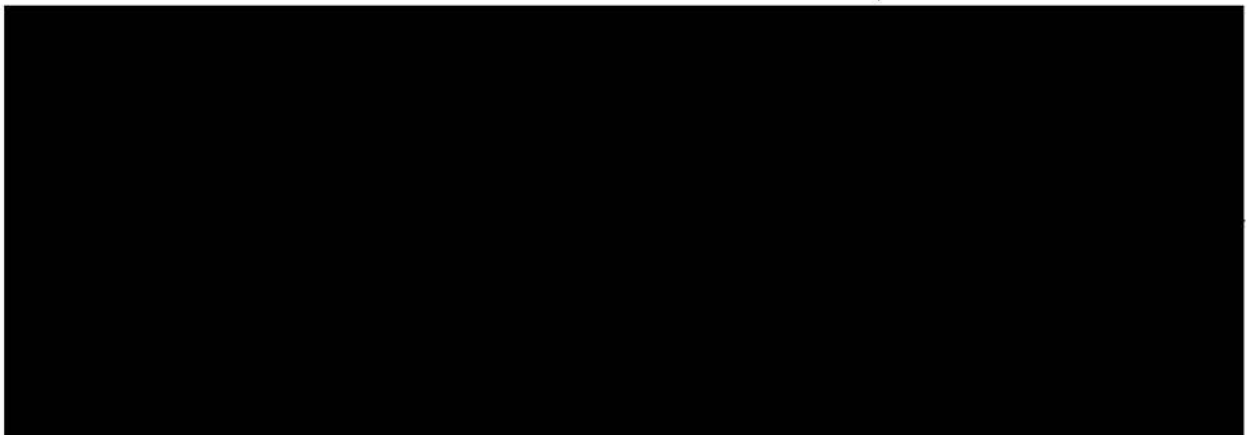
Re: Inquiry into the Operation of Queensland's Workers' Compensation Scheme

I write this submission based on my experience of working within the workers' compensation scheme over the past 12 years in various roles, with various stakeholders¹. My interest in making these submissions lies in my passion for Queensland to maintain one of the best, if not the best, workers' compensation schemes in Australia for both employers and workers.

Today, Queensland has one of the most financially sound schemes in Australia. The reason being, that Queensland's workers' compensation scheme has a short tail no fault statutory structure which is balanced with access to common law on a meritorious basis.

Queensland employers have also enjoyed, on average, the lowest premiums in Australia over the last 15 years. Over the years, I have heard and read submissions relating to the impact of common law claims on employer's premium. When I was employed with WorkCover Queensland in 2000, I worked directly with employers on this issue and it seems to have remained a catch cry that is an easy target for critique of some stakeholders within the scheme. These continued assertions are simply not supported by evidence under Queensland's scheme.

The reality is that the scheme in its current form "weeds out" common law claims that are unmeritorious. Changes to the Workers' Compensation and Rehabilitation Act 2006 (the Act) as a result of the 2010 review, placed restrictions on the amounts of damages that an injured worker could apply for. Further, restrictions placed on legal costs meant that a claim for common law damages for an injury suffered at work is now only viable if the injured worker has suffered significant economic loss.



The outcome of these 2010 changes to the Act has operated twofold. Firstly, it has provided financial stability to the workers' compensation scheme whilst secondly, ensuring significant injuries which have had a financial impact on a worker are able to be pursued and compensated.

Any suggestion of an impairment threshold would operate unfairly and may not be in line with the objectives of the Act with respect to maintaining a balance between providing fair and appropriate benefits for injured workers and dependents.

A permanent impairment assessment is carried out by a medical practitioner using AMA Guidelines. However, this type of assessment is a technical assessment of an injured workers limited functional scope; rather than an injured worker's ability to work or the financial impact of that injury on an injured worker. Depending on the industry and type of work undertaken, sometimes a low impairment assessment can lead to a significant financial loss and conversely, a significant high impairment assessment can lead to minimal financial loss.

Over the years Queensland's workers' compensation scheme has undergone a number of reviews. Relevant to the mechanics of how the scheme is currently administered and structured, is the Kennedy review conducted in the 1990's. The Queensland workers' compensation scheme has not had an adverse affect on the Queensland economy since 1997.

The more recent changes in 2010 did not follow a period of declining financial performance of the workers' compensation scheme. The changes were put in place due to falling investment returns due to global economic conditions and decisions made by the executive that substantially changed to claim management processes and outcomes.

In consideration of the critiques and concerns relating to the current scheme, I note there are a number of non-legislative changes that could be implemented to further improve benefits for injured workers or dependents and reasonable cost levels for employers.

These changes include consideration given to:

- increasing resources allocated to pursuing fraudulent claims and behaviours;
- employers with poor claims experience modifying behaviours with respect to workplace health and safety and rehabilitation;
- options for adjustment to the Workplace Industry Codes applied to specific employers of industries whose premiums have increased not as a result of claims increasing;
- providing information to employers regarding the appeals process for premium increases;
- close the service gaps to injured workers and employers in regional areas;
- increasing resources for return to work programs; and
- further strengthening insurer's claims management practices.

Having regard to the statistics as set out in the Q-COMP statistic report² and Department of Justice and Attorney General Inquiry Report³ there are no identified risks to the scheme that would warrant legislative change.

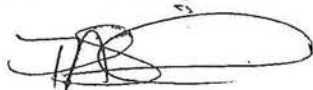
It is important to note:

- Only 6% of all statutory claims are journey claims and have "been stable for the past 10 years". This constitutes 12% of statutory payments and these payments are not allocated against an employers premium;
- In 2009/10 data 11.2% of employers had a claim made against their policy;
- Following the 2010 amendments to the scheme, total claims costs have decreased by 2.1% with common law claims decreasing by 9.6% in 2010/11;
- Queensland reports a return to work rate of 98.5%;
- Queensland resolves 83% disputes within 3 months;
- Less than 5% of claims go to common law;
- In 2008/09 it was estimated that only 5% of the costs of workplace injury was borne by employers, with 74% by injured workers and 21% by the Queensland community; and
- Queensland employers pay the second lowest premium rate out of all the states at \$1.42.

The scheme in its current form provides a reasonable balance between providing fair and appropriate benefits for injured workers or dependents, whilst ensuring reasonable cost levels for employers.

In consideration of the above submissions, I recommend no legislative change to the Queensland workers' compensation scheme.

Yours sincerely



Tracey Smith
3 September 2012

² Q-COMP (2012) 10/11 Statistics Report United behind the values we share. Queensland: Q-COMP.

³ Department of Justice and Attorney-General (2012); WorkCover Queensland Information Paper, Inquiry into the operation of Queensland's Workers' Compensation Scheme, Brisbane; Q-COMP.