

RECEIVED**18 MAR 2013**Finance and
Administration Committee**Lead.Connect.**

18 March 2013

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

Sent via email to: fac@parliament.qld.gov.au

Brisbane
57 Berwick St Fortitude Valley Qld 4006
Townsville
602 Ingham Rd Bohle Qld 4818
T: 1300 657 488 F: 1800 622 914
PO Box 2438 Fortitude Valley BC Qld 4006
info@ecarq.asn.au
ecaq.asn.au
ABN 40 669 256 171

Dear Sir/Madam,

The Electrical Contractors Association is grateful for the opportunity to further contribute to the Finance and Administration Committee's inquiry into the operation of Queensland's Workers' Compensation Scheme.

The **Electrical Contractors Association (ECA)** is the leading voice of the electrical industry and is committed to improving and advancing this sector. ECA is registered as an industrial organisation under Queensland legislation with its operation in Queensland. The association's website is: <http://www.masterelectricians.com.au/page/ECA/>

Master Electricians Australia Ltd (MEA) is a not-for-profit organisation that provides a national accreditation program to electrical contractors seeking to differentiate themselves from other contractors. MEA is part of the ECA Group of Companies and operates nationally. The organisation's website is: <http://www.masterelectricians.com.au>.

References to ECA and opinions expressed by the ECA, within this submission, should be read as both the Electrical Contractors Association and Master Electricians Australia.

In this submission our comments will be focused on Q-Comp's proposal, "*Reducing red tape for employers*".

While Q-Comp is to be commended for developing strategies to reduce red tape for employers, ECA does have some concerns regarding the proposed changes to Queensland's Worker's Compensation scheme.

Record keeping

According to Q-Comp's proposal, workers compensation claims would not be lodged with the insurer until 50 per cent of Queensland Ordinary Time Earnings (QOTE) is reached in payment of wages or medical expenses. Our initial concern with such a system is the arrangements that would be in place should a business become bankrupt. If an employer is to cease trading in this way, there could potentially be no official record of workplace injuries for that business. This could have flow on consequences for common law and statutory claims if adequate recording measures have not been taken by employers in documenting the initial injury. In order to overcome these issues, we propose that Q-Comp develop an online portal system for claims lodged directly with an employer. The online portal could be driven by the unique policy number allocated to each business and provide a ready means to record details of injuries and the expenses outlaid. This would overcome the problem of documentation being lost in the event of a business' closure and ensure adequate information is available for the purposes of any common law statutory claims or actuarial or statistical analysis.

Medical records

We also query the arrangements that would apply regarding medical certificates that are issued by medical practitioners in relation to injured workers. Under the current system in Queensland, a medical practitioner will, in a large proportion of cases, send a medical certificate directly to WorkCover. It is our understanding that the medical practitioners currently receive a financial incentive for doing so. If, as suggested in the proposal, employers will manage injury claims that are below 50% of QOTE value, there must be clarification around the following issues:

- To whom will the medical certificate be sent to?
- Will the medical practitioner involved still receive a fee in return for sending through the medical certificate to the relevant party? If so who pays?
- Will an employee's medical records in relation to the injury become the property of the employer (provided the expenses remain under 50% of QOTE with medical or compensation for loss of wages is not exceeded)?
- What implications are in place for employers and their responsibilities in handling medical information under the National Privacy Laws.
- A medical practitioner examining an injured worker may not know the monetary threshold applicable for a claim to go to the insurer. In light of this, will doctors be provided with guidance in order to determine who they must send the medical certificate to?

We believe that all of these issues will need to be examined, resolved and clearly communicated to employers, employees and their relevant representatives in order for the proposed system to be accepted by businesses and implemented effectively without incident.

Reporting requirements

There is a real risk that data will be skewed by virtue of the new reporting arrangements that will accompany Q-Comp's proposal. Some industries by their very nature may not experience a large number of workplace injuries, yet when injuries do occur they are serious and the expenses payable are higher. Conversely, some businesses may see a greater frequency of workplace incidents, however the industry it operates in is not inherently high risk and the resulting injuries are minor in nature with less expensive individual costs incurred. However, the total cost may exceed that of other industries. Q-Comp's proposal could see these minor injuries that remain under the expense threshold for reporting to an insurer not being centrally recorded, allowing some businesses to potentially conceal an unsafe workplace. The frequency of minor injuries may be a more meaningful indicator of an unsafe workplace yet if such injuries are only recorded internally by an employer there is less chance any dangerous work practices will be exposed. Whilst the data is a lag indicator it is still important information that the Queensland State Government may wish to consider important as part of a holistic risk assessment and management plan. This is a further justification for the creation of an online reporting portal for claims that do not meet the threshold for reporting to the insurer. This would ensure workers compensation data remains an accurate reflection of a workplace's safety record.

Modelling for reduced premiums

In the proposal Q-Comp indicates that, if implemented, the changes they are suggesting could see workers compensation claims drop by close to 50 per cent. If this forecasting is accurate, ECA would expect a significant reduction in insurance premiums to accompany the changes. Q-Comp would effectively be halving their workload and it follows that their administrative costs would drop as a consequence. These substantial savings would then need to be passed onto employers in the form of lower premiums.

A reduction in premiums would be particularly important given the added administrative tasks employers will be required to undertake if these changes are implemented. Small businesses in particular may suffer from this added administrative burden. A drop in their premiums would go a long way towards compensating for the additional time and resources they will need to dedicate to documenting workplace injuries.

To confirm this, it would be pertinent for Q-Comp to release more detailed financial modelling on the savings that would be made from the proposed changes and what the reduction in premiums will result as well as over what time frame these would be delivered to employers.

Support for small business

Employers are likely to require a certain level of support and guidance should the system be changed according to Q-Comp's proposal. Small businesses in particular will need targeted assistance to ensure they meet their new obligations. Employers are not ideally placed to know the schedule of rates for medical expenses and so may be unsure as to whether an employee's injury exceeds the set threshold. Larger businesses may have capacity to dedicate specialist staff to perform the associated tasks, however, small businesses do not have this luxury. We would recommend that a portion of the administrative savings that will result from Q-Comp's proposal be dedicated to educating and supporting small businesses adjust to the change in procedures. An important example of the need for such support is the growing number of "employers" who engage domestic help, such as cleaners, in the household environment. These changes will place a record keeping obligation on such an "employer" who pays a cleaner \$100 per week for four hours of cleaning services. We believe that there will be many other "small employers" that will be adversely affected by this change in circumstances from Q-Comp.

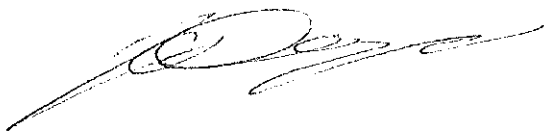
Enforcement

ECA would like further clarity on the enforcement and penalty regime that may accompany Q-Comp's proposal. Given that employers will now have responsibility for handling a large proportion of employee claims for workplace injuries, we have some concerns that they will be subject to penalties for any non-compliance. This is of particular concern to small businesses who are more likely to commit an unintentional breach given their limited access to expert advice on such matters. As discussed above, these employers are also less likely to have time to dedicate to ensuring they are meeting all of their obligations, in addition to their everyday business activities.

Conclusion

Overall, ECA supports measures that will reduce the level of red tape faced by employers and Q-Comp's proposal has the potential to ease this burden in relation to workers compensation claims. However, we would like further clarification on the precise administrative, educational and enforcements arrangements that would accompany such changes to ensure a smooth transition to a new system.

Yours sincerely,



Jason O'Dwyer
General Manager – Workplace Policy