

22 March 2013

The Research Director
Finance and Administration Committee
Parliament House
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Dear Sir/Madam

Re: Parliamentary Finance and Administration Committee's review of the Queensland Workers Compensation Scheme

The Australian Industry Group (Ai Group) welcomes the opportunity to provide a further submission to the Parliamentary Finance and Administration Committee's review of the Queensland Workers Compensation Scheme.

Specifically, this submission refers to the three (3) page "*Reducing red tape for employers*" proposal from Q-Comp circulated by the Finance and Administration Committee on 27 February 2013. We also refer to Q-comp's substantive 22 page submission; the submissions made on behalf of Q-Comp by Ms Elizabeth Woods during the hearing on 28 November 2012, and Q-Comp's further submissions at the recent hearing on 20 March 2013.

Ai Group is one of the largest national industry bodies in Australia representing employers in manufacturing, construction, automotive, food, transport, information technology, telecommunications, printing, on-hire and other industries. Ai Group and its affiliates represent the interests of more than 60,000 businesses, including thousands of Queensland organisations.

Q-Comp has proposed, with regard to the employer excess payment, amending the legislation to remove the present obligation to notify all injury claims (no matter how minor) and substitute a system where low impact and uncomplicated injuries (e.g. minimal time lost and/or medical expenses only cases) can be more proactively managed by the employer themselves (at no cost to the WorkCover Scheme).

Whilst such a proposal appears to have potential merit, particularly for larger, better resourced businesses, there is also the potential for significant unforeseen impacts on small to medium businesses who may simply lack the capacity and resources to take on any additional internal responsibilities, in what is already a complex and challenging business environment.

In this regard, direct feedback from industry indicates there is a mix of both support and concern around the proposal.

One of our members recently remarked on reading the proposal:

"I think it will be a move back for WHSQ as the data will be off the radar to implement schemes to combat injury patterns in sectors, especially small business...."

Many members have also pointed out that:

- the "Benefits" as listed out in the circulated proposal emphasise the financial benefit to the Scheme (we assume that "Reduction in administrative savings for WorkCover" is intended to read "Reduction in administrative costs to WorkCover"), but does not indicate how the option would benefit the employer via premium reduction, and
- businesses are already proactive as a matter of prudence and at their own cost by way of early intervention in claims.

Another member has observed that despite an injury being technically low impact or uncomplicated, employers are up against the problem of some treating doctors who provide medical certificates to injured workers for 4, 5 or more days *"Totally Unfit for Work"* with little thought about the injured worker engaging in a return to work during this time subject to some minor restrictions that can be easily accommodated.

We also note that the option further includes a reservation of the right for either the employer or the worker to lodge a claim with WorkCover immediately if there is:

- *"a dispute" [and/or?]*
- *"a strong indication that the claim is going to cost more than QOTE".*

Our members' reported claim experiences in the context of the "culture of entitlement" that has developed with regard to workers' compensation claims in Queensland indicates that such a reservation would have very significant potential to undermine and derail the effectiveness and intent of the option.

The option also needs to further address the fact that even a minor physical injury has potential to involve a secondary psychological injury element which an inexperienced or under resourced employer may inadvertently cause or exacerbate as part of their management of such injuries and the return to work process.

Whilst Ai Group has consulted industry in relation to the proposal to the extent possible in the time available, it is apparent from industry feedback to date (i.e. both SME's and larger better resourced employers), that deeper exploration of this complex area is required, particularly in terms of the likely varied business impacts.

Accordingly, at this time we are unable to take a position on the current Q-Comp proposal and would strongly caution against proceeding without thorough investigation of potential unintended consequences for businesses of all sizes and resourcing levels, and the QLD economy more broadly. In this regard we urge a cautious approach that includes robust industry consultation and involvement so that unintended consequences are avoided.

One potential option worthy of further investigation could involve a system where employers could elect to opt in or out of the option, or alternatively a split system could be tailored to business size and capacity. Given our concerns about the potential unintended consequences of Q-Comp's proposal we are obviously keen to remain closely engaged around these or any other related initiatives.

In closing Ai Group would like to take this opportunity to note that despite the foregoing observations with regard to Q-comp's proposed option, many of the written and verbal submissions made by Ai Group in late 2012, and during the hearing on Wednesday 31 October 2012, are in accord with Q-Comp's substantive submissions as also provided to the Committee in 2012.

Ai Group would also like to specifically commend the consistent efforts of the WorkCover Customer Services Team over the years in engaging with Ai Group and industry in general on wide ranging issues relating to improving Queensland's workers compensation system.

Should you have any queries regarding this submission please do not hesitate to

[REDACTED]

Yours sincerely



Matthew Martyn-Jones
Director – Queensland