



<p>RECEIVED 8 August 2015 Finance and Administration Committee</p>

7 August 2015

Ms Di Farmer MP
 Chair
 Finance & Administration Committee
 Parliament House
 George St
 Brisbane
 Queensland 4000

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

Dear Ms Farmer

Workers' Compensation and Rehabilitation and Other Legislation Amendment Bill 2015

Thank you for your letter of 22 July to advise us of the inquiry of the Finance Administration Committee into the two Bills to amend the Workers' Compensation and Rehabilitation Act 2003.

The Insurance Council of Australia ("ICA") does not wish to make a formal submission concerning the detail of the proposed amendments.

The ICA previously provided a submission in 2012 to the Finance & Administration Committee's inquiry into the operation of the Queensland workers' compensation scheme.

In relation to the issue of access to the common law damages in workers' compensation schemes we wish to reiterate our position outlined in our 2012 submission that:

- Scheme design must focus on work capacity rather than incapacity, with early access to medical and rehabilitation to achieve sustainable return to work.
- Unrestricted access to common law benefits puts greater focus and time on demonstrating workers' incapacity rather than on their work capacity and is not conducive to early rehabilitation and return to work.

Therefore, the ICA remains of the view that permanent impairment thresholds play an important role in providing a balance between providing access to common law benefits for seriously injured workers, incentivising rehabilitation and return to work and maintaining scheme affordability.

Finity Report - Best Practice Workers' Compensation in Australia

The ICA recently commissioned a report from Finity Consulting, "A Best Practice Workers' Compensation Scheme". I am pleased to attach a copy of this report for your and the Finance and Administration Committee's consideration.

The report is also available on the ICA's website at <http://www.insurancecouncil.com.au/issue-submissions/reports/best-practice-workers-compensation-scheme>.

This report has been prepared as a timely thought leadership piece by pre-eminent actuaries in this field, Geoff Atkins and Gae Robinson as a timely thought leadership piece.

As you would be aware, there are nine main workers' compensation schemes in Australia across federal, state and territory jurisdictions, all delivering different levels of benefits for workers with similar injuries. Nearly every scheme has either been subject to major reforms in the last three years, or significant reforms are currently on the table.

Major reviews such as the National Commission of Audit and the Competition Policy Review have made recommendations directly relevant to the sustainable delivery of workers' compensation in Australia.

In this environment of significant reform activity, the ICA believes this is an opportune time to take stock of the best scheme model to serve Australians and the national economy.

Every worker, employer and government would agree – sustainable and affordable workers' compensation arrangements are essential for fair and equitable support for all Australian workers, regardless of where they work, and the circumstances of their workplace injury.

While competitive federalism may deliver certain benefits, the ICA and our member companies believe now is the time to have a conversation to identify elements of a best practice workers' compensation scheme.

The Report by Finity Consulting draws on features of various schemes in Australia, and it identifies the features of these schemes that, based on significant experience, are most likely to deliver financial sustainability, as well as the best outcomes for workers and employers.

The best practice objectives are identified as:

- Prevention of workplace injuries;
- Support for workers to return to work – noting the significant health benefits of work;
- Fair financial support for injured workers; and
- Employer premiums that are affordable, reflect risk, and fully fund the liabilities of the scheme.

It is the aim of the ICA to renew the conversation about workers' compensation across Australia, and to "join the dots" between various reform programs across jurisdictions. In this regard, we have also sent this report to the Queensland Minister for Employment and Industrial Relations and Treasurer, the Honourable Curtis Pitt MP, and to Mr Tony Hawkins, CEO, WorkCover Queensland, as well as other federal, state and territory Ministers, senior bureaucrats in compensation authorities or agencies, and various representative associations.

If you have any questions regarding the report or wish to discuss it with us please contact Vicki Mullen, General Manager, Consumer Relations and Market Development Directorate via email [REDACTED] or phone [REDACTED]

Yours sincerely



Robert Whelan
Executive Director and CEO

Encl.