

Submission  
No 338

## INQUIRY INTO NSW WORKERS COMPENSATION SCHEME

**Name:** Name suppressed

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Partially Confidential

15<sup>th</sup> May 2012

**submission – NSW Workers Compensation Scheme Inquiry**

Dear Sir / Madam,

Although no longer participates in the NSW Workers Compensation Scheme, having elected to take up self insurance from 15 September 2008, we feel qualified to make a submission to the Inquiry, based on our experiences prior to September 2008 and our learning's since transitioning to self insurance.

began contemplating a move to self insurance around 2005. Our dissatisfaction with the WorkCover scheme primarily related to:

- Excessive insurance premiums - at one stage we calculated insurance premiums of \$2.50 for every \$1.00 spent on injury management
- Inefficient injury management – injured workers were often forced to wait days for necessary treatment as claims were processed by WorkCover

Although claim expense through self insurance was likely to be much more variable from year to year than premiums, our rationale for the transition can be summarised as follows:

- Potential to significantly reduce overall costs by improved claims management
- Increased incentives for managers to focus on reducing costs by eliminating injuries through improved risk management since the claims are managed by Brickworks' own claim managers, and accountability is more direct
- Potential for improved employee relations due to the increased flexibility to proactively manage claims and outcomes for injured workers
- Self insurance results in amounts that would have otherwise been paid out in premiums being available for general use by Brickworks until claims need to be paid (cashflow differences)

The transition period to self insurance also delivered a number of significant benefits to

. During this period (2005-2008) we took significant steps to improve our safety management systems to meet the required standards for self insurance. The systems implemented during this period have instilled the required workplace and management safety culture to make self insurance a success. This cultural change has resulted in workplace safety initiatives becoming embedded in our day to day activities. Following the roll-out in NSW, these systems have since been replicated in other states across Australia.

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Since moving to self insurance, \_\_\_\_\_ has benefited from lower costs and reduced injury frequency rates, supporting our decision to exit the WorkCover scheme.

An independent audit completed in July 2011 concluded that \_\_\_\_\_ has saved \$2.562 million in costs as a result of moving to self insurance, since inception on 15 September 2008. The calculated self insurance cost as a % of wages is 1.8% vs an estimate of 4.4% for the WorkCover scheme.

\_\_\_\_\_ injury rates have improved since taking up self insurance, with the lost time injury frequency rate since financial year 2010 being consistently less than 3.5, down from 6.6 in FY2008 (the year immediately prior to self insurance) and levels normally exceeding 10.0 prior to that.

Our experience since moving to self insurance, with improved injury management outcomes and significant cost savings, re-enforces the notion that there are significant inefficiencies within the WorkCover system as it currently operates. Although \_\_\_\_\_ are no longer directly impacted, the costs of many suppliers are no doubt inflated as a result of inefficiencies within the WorkCover system. Therefore, \_\_\_\_\_ supports any initiatives undertaken to streamline the operation of WorkCover to enhance its ability to deliver cost effective injury management to the NSW business community.

Yours faithfully,