

**Submission
No 109**

INQUIRY INTO NSW WORKERS COMPENSATION SCHEME

Organisation: SCO Recruitment

Date received: 16/05/2012

16th May 2012

To The NSW Workers Compensation Scheme Committee,

My name is Larissa Robertson and I am the C.E.O. and Founder of SCO Recruitment (SCO) and Trim and Proper Property Services (Trim & Proper). I am writing to you regarding the need for reform within The NSW Workers Compensation Scheme (The Scheme).

I am greatly concerned about the increasingly poor claims management by insurers which are making it increasingly difficult to operate a business in NSW. I fully support the purpose of The Scheme but the current system is negatively impacting employers and employees.

For my submission I have referred to the NSW Workers Compensation Scheme Issues Paper released by the Minister of Finance and Services Greg Pearce (Issues Paper) and the e-brief; Workers Compensation: an update by Lenny Roth and Lynsey Blayden (e-brief).

I have only had a short time to prepare this submission so I apologise if I only briefly cover some areas. Where possible I will be using specific examples that I have personally experienced or witnessed. As this document will be a public document I have not provided the actual names of people or companies involved, however I can provide further details if requested.

Firstly I must emphasize that any increase to current workers compensation premiums will negatively impact both my businesses and many of the clients I trade with in NSW.

As per the e-brief, the current Scheme's solvency has deteriorated since 2008 with approximately 50% being attributed to external factors reducing investment returns and the remaining 50% due to deterioration in claims management experience. Based on current levels it is estimated that an increase of 28% in average premium rates would return the scheme to full funding in 5 years or 8% on average to return to full funding in 10 years.

I have not been able to find any evidence that suggests the deterioration is related to the actions of employers or an increase in the number of injuries. It is understandable that The Scheme is able to fund itself, however pushing further costs onto businesses that are already struggling to remain in business and who are not directly responsible for the problem will have a devastating impact. Where possible businesses will need to move their operations interstate, but many other small businesses will collapse.

Before any decision is made in relation to the above, I believe the actual cost of the Scheme needs to be reassessed. Cultural attitudes to workers compensation payments and serious flaws in the current NSW system allow payment of fraudulent and excessive claims to non-injured workers or self-injuring workers. Improved systems and a reduction in such claims will reduce the overall cost of the Scheme.

This submission looks at:

1. A Bit about Us

To give my comments context I have provided a brief detail of SCO Recruitment, Trim and Proper and myself.

2. Fraudulent and Excessive Claims – Details and Possible Solutions

- Cultural Reasons
- Compensation Lawyers
- Proof of Injury - Doctors
- Insurer Processes / Claims Management
- Cost of Claims – Different Insurers
- Types of Injuries – Journey Claims / Stress Claims
- Payments of Benefits

3. Premiums and Employers – Fairness & Exposure – Details and Possible Solutions

- No Fault Scheme
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- Calculation of premiums – end of year
- Business planning

- No recourse against employees
- Calculation of benefits – casual / part time
- Disputes / Workcover

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- Cost of medicals
- Won't hire high risk

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- Predecessor Rule

6. Possible Solutions and Areas to Innovate

Kind Regards,
Larissa Robertson

1. A Bit about SCO Recruitment and Trim and Proper Property Services

To help set the context for my paper I am providing a brief description of who we are and what we do. Further information is attached in Attachment 1.

SCO Recruitment was established on 11th May 2009 in partnership with the employees and senior management of the not for profit entity, Spectrum Employment Services Cooperative Ltd (SES) after the Board of SES decided to close the business. I, Larissa Robertson, SCO's Founding Director and C.E.O., was the financial controller of SES and purchased the assets and operations and split the organisation into two companies, Spectrum Community Outcomes Pty Ltd (SCO) t/as SCO Recruitment and Spectrum Community Focus Ltd (SCF) t/as Trim and Proper Property Services.

SCO Recruitment is a recognised leader in the Australian recruitment industry, providing specialised recruitment solutions to Local, State and Federal Government clients as well as to the private sector. At SCO Recruitment our mission is to close the gap between commercial sustainability and social development. We have combined keen commercial expertise with our Not for Profit heritage to build a

financially stable and community orientated company that delivers cost effective recruitment solutions while delivering high quality recruitment and great customer service to our clients.

SCO Recruitment recently took out 2nd Place in the 2012 and 2011 StartupSmart Awards, which celebrate Australia's most innovative and fastest growing startups. This year, the awards featured more than 160 entrants and shined a spotlight on the best ideas and new businesses in the country. In addition, SCO recently took out 1st place and was named the 'Fastest Growing Company' at the SmartCompany Smart50 Awards of 2011, with this award also recognising the most innovative and fastest-growing new businesses in Australia. In addition, I ranked in 28th place in SmartCompany's 30 Top Australian Female Entrepreneurs List for 2012.

As a result of our continued growth and success, SCO has recently opened up offices in Victoria, South Australia and Tasmania to accompany our head office in NSW. SCO Recruitment supplies approximately 400 FTE casual employees to Local Council, Industrial and Commercial clients across Australia, with some of our very satisfied clients being Local Government Procurement, the City of Sydney Council and Procurement Australia.

SCF was established on 28th May 2009 by the Directors of SCO Recruitment to assist some of the most disadvantaged members of our community. SCF is a public benevolent institution and charity with the mission of alleviating poverty by providing employment and training opportunities for socially disadvantaged, long term unemployed and indigenous Australians. SCF's property services business, Trim and Proper Property Services, is an employment incubator that directly employs disadvantaged Australians as Gardeners, Horticulturalists, Cleaners and Handypersons. We provide thorough training and support to all our people and ensure they perform at the top of their industry. SCF is a self-funded not for profit that operates with the assistance and support of SCO Recruitment. We believe that the best way to break the poverty cycle is through gainful employment. To help achieve this goal, we combine our skills and resources from both our recruitment and property services businesses to provide job seeking support, employment opportunities and training for socially disadvantaged people and communities.

2. Fraudulent and Excessive Claims

Cultural Reasons

On page 8 of the e-brief in relation to the increase in Work Injury Damages it was noted “that there was a risk of developing ‘a lump sum culture’ in the scheme”. Unfortunately it has been my experience that within certain socio-economic circles that this culture not only already exists but has become an “entitlement culture” where it is considered widely acceptable to claim money from insurance companies without just cause.

Growing up in Campbelltown in South Western Sydney I have always known people that have received large payouts from large employers such as Ansette and QANTAS. They were often parents of school friends and were considered heroes for their “achievement”. After I commenced my Bachelor of Commerce at UOW in February 2002 and entered the full time work force I became aware of a number of employees that “milked” their injuries to increase their benefits and began to understand the negative impact that had on business and the economy.

However it wasn’t until the second year of starting my own businesses that I found out that there were people who specifically went around and targeted companies, especially those with large volumes of casual employees, such as recruitment companies, for the purposes of receiving workers compensation benefit payments.

As stated earlier SCO and Trim and Proper’s workforce employs a large percentage of people from socially disadvantaged, indigenous, migrant and low socio economic backgrounds. One of our issues is the lack of education and understanding of the operations and structures of small to medium businesses and the associated costs of employment, training and insurances. In Trim and Proper we work closely with our candidates to build their self-esteem, establish a work ethic and improve their lives and the lives of the people around them. We have proven time and time again that if people willing to change and are actually given the time and support they will change their lives. Many of our people have moved themselves and their families out of social housing for the first time in generations, many even buying their own home.

However one of the major issues we come up against in both SCO and Trim and Proper is an “us and them” mentality between the “haves and the have not’s”. The “haves” aren’t just the wealthy but includes all authority figures and all businesses, even tiny corner shops. This belief, combined with not understanding the true cost to businesses and the community, promotes a culture of “entitlement”. It appears to be a very widely held belief that the quick way to get rich is to make an insurance claim, whether injured or not.

Since the GFC there have been a large number of people and families that have lost money, property and businesses. In NSW there is a shortage in social housing with 10 year waiting periods for homes, with some families even living in cars. Combined with the increases in the cost of living, rent, houses and credit card debt as well as an aging population, many people are desperate and willing to take risks with the law and with their own safety.

Compensation Lawyers

The belief that they can get an injury payment is further fueled by word of mouth success stories and the countless radio, billboard and public advertising campaigns by compensation lawyers who offer to get “maximum compensation” with a no win no charge agreement. It seems to me that the number of advertisements such as this has increased significantly since the GFC. It is a very tempting option for struggling families and individuals to make fraudulent claims or exaggerate injuries when there is no risk and the possibility of big rewards. Unfortunately the lawyers get most of the funds in the end.

The number of Compensation Firms involved has increased the risks and costs to Insurer’s, employers and medical practitioners so that it is not financially viable to fight fraudulent claims.

Proof of Injury

There has been an increase in the acceptance of Fraudulent Claims & Excessive or Prolonged Payments to Minor Injuries. Unfortunately the current system does not provide and protection from such claims and it is my belief that a large percentage of the total costs of the scheme are wasted on fraudulent claims.

As the Scheme is a no fault scheme, the only protection against fraudulent claims is the condition that the injury must occur during the course of employment and that the employment must be a “substantial contributing factor to the injury”. In theory this is a good idea, unfortunately it does not work in practice.

For a claim to be paid the employee must prove their employment was a “substantial contributing factor to the injury”. To provide proof the employee must provide a Workcover NSW Medical Certificate signed by an approved Doctor that states in their “opinion, the worker’s employment is a substantial contributing factor to this injury”.

The Doctor’s opinion is based on their assessment of the employee at the surgery based on the injury and the employees account of the incident. There are a number of reasons why this system allows fraudulent claims and prolonging of claims.

- There is no other requirement to prove the injury occurred at work.

- Employees are not required to notify anyone that the injury occurred at the workplace at any time.
- There is no set timeframe from when the injury occurred to when a Doctor assesses the injury.
- Where an injury is disputed by the employer the insurer can't deny the claim if there is medical evidence

Doctor's rarely deny any claims or challenge patients stories. This is for a number of reasons:

- Employees can see any Doctor they chose and often they see their family Doctor that they have known since they were children. The long term and personal relationships between the Doctor and employee will often skew their judgment. The Doctor has no connection to the employer or insurer.
- The number of legal cases brought against Doctors has seen many leave the industry and medical indemnity insurance premiums sky rocket. Many GP's still bulk bill and can't afford higher premiums or the legal fees required to fight a complaint.
- Doctors are threatened with verbal and physical violence when they refuse treatment to patients.
- A number of Doctors have said that they do not always believe the employees account of the incident or they do not believe the amount of pain the employee may claim to be in, however they have no evidence and no way to dispute what they are told.
- I have been further told that certain Doctor's are known throughout the profession for being dishonest but no action is taken.

Insurer Processes / Claims Management

Poor administration practices, lack of action and follow up times, policies regarding acceptance and payments of claims and incorrect or ineffective application of legislative requirements has proven to have significant impacts on Premiums and Claim costs.

Investigation Costs & Legal Costs

We have had a few claims which we thought were highly suspicious and one in particular which we knew was definitely fraudulent. Under our previous insurer we requested a small number of claims to be investigated; especially the one we knew was definitely fraudulent. The process of the insurer was to have the matter investigated and even if the investigation showed the injury was suspect and possibly not work related their decision was to pay the claim because of the

potential legal cost to them if the employee disputed the decision and it went to court. This has a large multiplier effect on the cost to employers and to The Scheme. As the insurer's stance was to continue to accept the claim regardless of what evidence was found, thousands of dollars on medical investigation and private investigation fees were wasted. On top of this, weekly benefit payments are paid during the investigation as it is not feasible for the employee to commence suitable duties while under investigation. These fees add to the cost of the Scheme and increase the premiums for employers. Further, it became more cost effective for us as employers to allow payment of any claim even when we were had no belief that a work related injury had occurred.

Timeliness of Claims

A number of claims have been reported and lodged with our former insurer more than 6 months after the supposed injury date. There was no record or history of the incident occurring prior to lodgment. These claims are generally still accepted. One employee fell in a 1 metre hole he dug and 6 months later went to the Doctor receiving a certificate stating it was a workplace injury. He was paid months of weekly benefits.

Administration and Resourcing

Poor administration and internal procedures of the insurer exacerbate the cost of claims and the acceptance of fraudulent claims. With our previous insurer we requested that our account be moved to a case manager in Sydney rather than Gosford as we weren't able to have the contact or face to face meeting needed to resolve issues or improve recovery rates. Over an approximate time period of 3 months from when we requested the move, our case manager who is our direct contact changed a minimum of 4 times and was not accessible most of the time. As our premium year ended we changed insurers and then were not able to get any case manager or contact from the prior insurer who still managed open cases at premium renewal.

As we were unable to get any response from our previous insurer and as they are subject to timelines in which they must act, some disputed claims were not investigated as requested and resulted in payments and excess premium charges.

Cost of Claims – Different Insurers

Changing insurers during the premium period is not currently allowed. However, staying with a poor performing insurer can have devastating consequences. For example, the cost of claims for our previous insurer averaged over two premium years was \$280,000. Much of this is in dispute and some has since been refunded. For this premium year, from 1/7/11 to 15/5/12, since changing insurers our total cost of claims is approximately \$33,000. In this time we have increased our total employee numbers and employ on average 350-400 people at any one time.

There has been little change in the type of employees, types of work and types of injuries. However it is an extremely significant difference.

Types of Injuries – Journey Claims / Stress Claims

Journey Claims

I do not support the removal of workers compensation claims for journey claims unless there is an alternate cover available for employees through the CTP or other motor vehicle insurances. The current state of the roads and road safety in NSW would need to be greatly improved during peak hour before any protection was removed otherwise it would not be considered worthwhile for many employees to put themselves at risk to travel to work and not on time.

Heart Attack & Stroke

I completely support this not being covered under workers compensation insurance unless it could actually be directly attributable to a person's employment.

Stress Claims and Mental Illness

Another area that needs to be looked at is the cost of stress claims and whether they are actually attributable to work or to prior mental health issues. Within the 1st month of commencing my businesses, a casual employee who had worked for us for a month put in a stress claim and which said that I bullied them. It was completely fraudulent but the insurer at the time accepted the claim and paid out over \$200,000 on this claim over two years. The claim was finally denied and it was proven that the employee had a history of mental illness and a criminal history. I was eventually able to have the cost of the claim removed from my claims history and the cost of the premium refunded but I had to cover the extra cost in premiums for the first two years of trading when I had no cash flow or capital. The money was never claimed back from the employee.

People that are suffering from depression and/or mental illness may be much more susceptible to stress than others. As an employer I am not a psychologist or psychiatrist and cannot identify such diseases or issues. If no other employee in the company has ever lodged any complaints or needed stress leave and are all very happy in their employment then such claims should not be accepted.

Payments of Benefits

Although the calculation of premiums and payment of claims is legislated and should be standard, there are significant differences in the cost to employers and to The Scheme between each insurer.

The legislation requires that certain benefits be estimated for injured employees depending on the amount of time the employee has been injured and whether or

not they are offered suitable duties by the original employer or are able to find suitable work elsewhere. At the end of the premium period, lack of communication by the insurer and timing issues allow weekly benefits estimates to be applied against a claim for an employee that is working full time or on full time suitable duties or where full time suitable duties are available, but the employer is not made aware the employee can work.

For example, the employee involved in the stress claim mentioned above also submitted a back injury claim. Both claims were lodged to the Insurer after they resigned. When the stress injury claim was denied, the wage estimates sitting on that claim were moved to the back injury claim which is still open and is currently in my claims history. The wage estimates were transferred on the 23/6/11, 7 days before premium renewal and therefore used to calculate my premium. This increased my premium by over \$100,000 for the 2011 financial year. Although the stress claim was proven to be fraudulent, the insurer did not allow us to offer suitable duties. On top of this, the employee had commenced working full time in June 2011. Even though the employee is not entitled to the weekly benefits, they remain in their cost of claims as an estimate. How much of the current deficit of The Scheme relates to estimated weekly benefits that are not payable?

There have been two other cases where estimates have been applied at the end of the premium year for employees that are working full time.

There is a dispute resolution process available. Please see Disputes/Workcover below for further details.

3. Premiums and Employers – Fairness & Exposure

No Fault Scheme

The benefits of the no fault scheme ensures that any injured employee receives the treatment and financial support they need instantly without having to establish that the employer was negligent while injured and incapacitated. Employees are also covered for any injuries they sustain at work even when they are totally at fault and when the employer has not been negligent. I believe this is an important benefit. Everybody makes mistakes occasionally and can injure themselves. Without such protection it would not be worthwhile for most people to hold a job and to put themselves at risk for the level of wages they currently receive. Such protection ensures a steady supply of workers for businesses and keeps wage costs down.

Employee safety is extremely important and both employers and employees need to take responsibility for workplace health and safety. The Scheme is designed to discourage workplace injuries and to promote safety by penalising employers

through increased premiums. However the penalisation through increased premiums is not based on the actions of the employer or the employee, but on the cost of claims processed. This means employers that are not negligent at all are penalised for the negligent actions of their employee.

Calculation of premiums – end of year

The current premium calculation method is extremely complicated and can only be calculated by experienced and trained professionals. I am a skilled and qualified accountant and workers compensation is the biggest cost and threat to my NSW operations, yet I need to hire external consultants to help me forecast and check my premiums. Our consultants have helped us with obtaining refunds, Workcover submissions and checking and correcting premium calculations by insurers that have been incorrect. Our insurers have previously incorrectly calculated our premiums and have overcharged us. Without the use of a consulting firm we would have had no way of knowing and would have been overcharged. This could be the case in many businesses and the reported premium funds collected are potentially misstated.

Business planning

The constant fluctuation in premiums throughout the year due to poor claims management has resulted in business decisions being based on incorrect financial performance data.

We have been travelling profitably before adjustments (such as the movement of the weekly benefit from the denied stress claim to the open back claim, without notice) resulted in a loss for the year.

With the assistance of our consultants we have lodged submissions to Workcover and received some refunds but we are not sure when or if we will be refunded.

Calculation of benefits – casual / part time

With regards to labour hire and casual employees, the system does not take into account injured workers that only intend to work part of the year. Some employees are seasonal workers and earn the majority of their wages over a specific period and then don't work for the rest of the year. Workers Compensation benefits are paid until the employee is completely recovered, even if the time exceeds their actual intended work period. This is not an issue I have come across, but one that could potentially arise.

Disputes / Workcover

As stated above we have lodged submissions to Workcover and have received premium refunds, however disputes that are lodged with Workcover take time to process and higher premiums are paid in the process. This is very difficult on cash

flow, especially for new businesses and when the disputed amounts are high. To date we have received hundreds and thousands in refunds but have had to pay the high premiums upfront.

We lodged a submission regarding the stress / back claim above and were advised by Workcover the estimated time for them to review our submission was 26 weeks. We are still waiting.

4. Employees – Benefits and Problems

Injured workers not supported

The issue of fraudulent claims and poor case management has seen actual injured employees neglected, and at times attempts to deny legitimate claims.

A recent claim they are trying to fight is a journey claim for a young girl that had just started with us. She had just left the office as many of our team have, myself included, when I personally saw a car turn out of a side street into her vehicle as she was driving straight along the main road. I got out and was there with her the whole time as were a number of our team members. Her car was written off, an ambulance came out and she was injured. There is no reason to dispute the claim at all.

Further, the time and effort expelled in managing the fraudulent claims detracts from the time and resources that we need to put into injured employees and work, health and safety systems.

High Risk Workers / Cost of Medicals

The cost of fraudulent and exaggerated claims on an employer is excessive and if not handled will result in insolvency.

We are not Doctor's, but the cost of medicals and functionality tests for all potential employees is not financially feasible. Such risks will end up forcing employers to overlook potential employees that could be perceived to pose a greater injury risk. This could include prior injuries, mature age workers, disabled workers, and even athletes. Athletes have a higher potential to injure themselves at training and claim it as a work injury.

5. SCO Recruitment and Trim and Proper – Impact on Changes

Recruitment

The current workers compensation system is poorly structured with regards to labour hire. We are currently penalized for any injury costs at an approximate rate of 3 times the actual cost of claims over 3 premium years. Although SCO Recruitment and other labour hire providers conduct thorough surveillance audits at client sites in respect to their WH&S systems and will only place a candidate at a site that we know is safe we are not able to provide supervision of day to day activities and our employees must follow the directions of their direct on site client supervisors. Due to the nature of our business, our size and number of employees and range of positions in different industries and under different WIC codes the penalty exceeds what would have been charged to the host client if they had been employed directly. Furthermore there is no requirement that the host client continue to trade with us so the cost of the injury and penalty has to come out of our net margin which is approximately 2-3% across the sector. The increases in our premiums due to the cost of claims and penalty's applied for injuries have exceeded our net margin and we have run at a loss for the last 3 financial years. We have had to share the cost across all our clients to ensure our financial stability. As our premiums have been unexpectedly adjusted significantly upwards at the end of each premium year we have not been aware that we were running at a loss and have based our business decisions throughout the year on being profitable. From the first premium adjustment in 2010 we have ensured that we have our premiums checked and forecasted by experienced consultants throughout the year and yet even they haven't been able to predict such increases in premiums.

With the change in Insurers and controlled claims costs it is expected that we will receive a refund this year which will see us break even or even make a small profit.

Any increase in premiums from 1 July however would seriously jeopardize our continue existence. Such an increase would have to be handed down to all our clients and we would run at a significant loss until the process could be completed. That would be the best scenario.

The more likely scenario would be that the majority of our clients could not fund the increase to their own policies let alone increases to our rates. Movements in the casual workforce are an early indicator of economic performance. Such an increase would see an almost instant drop in casual employees which would then be followed by a slower drop in permanent employees.

The casual workforce also provides an early indicator for improvements in the economy. Since the GFC private business are still very slow in returning to pre casual staffing levels. The majority of our growth has been in the supply to Government sectors. The private sector is still not strong enough to handle such a rise in NSW.

Contract Management

Trim and Proper is a self-funded charity and hold contracts with Housing NSW, NSW Parks & Wildlife, Spotless, Wentworth Community Housing and Sydney Catchment Authority to provide mowing, gardening, cleaning and handyperson services. These contracts are 3 year fixed contracts with no room for price increases except a CPI increase in some of them.

Being a self-funded not for profit means that all the programs and benefits we provide to the community must be funded by the contracts we service. As per the industry the profit margins on these contracts are very low and those profits are reinvested into the company to provide social outcomes. Trim and Proper runs at a breakeven level.

Any increase in premiums would not be able to be passed onto clients until each contract comes up for retender. This would result in Trim and Proper running at a loss and losing financial stability.

Other companies that supply services to Government and related bodies would be under similar restraints with their contract terms and fixed rates. This could see a large number of Government suppliers cease supply instantly or some may even fold as they cannot absorb the increased costs for any period of time.

Cease NSW Operations

Currently the level of administration, time and effort required to keep claims costs reasonable in NSW greatly exceeds any requirements needed in any of the other states we trade in. As it is we are already looking to slow NSW operations and focus our efforts in Victoria or South Australia.

Predecessor Rule

During the GFC it is estimated that 30% of recruitment companies folded. In NSW the application of the predecessor rule requires any business that purchases another business must add the cost of claims history of the purchased business to their own cost of claims. Due to the calculation of premiums in relation to recruitment companies the purchase of any struggling recruitment entity could substantially increase the total premiums of the original business to the point that it would not be profitable. Unfortunately this means it is better to let the business collapse losing all the knowledge and experience of the entity and leaving many employees out of work and without entitlements.

Possible Solutions and Areas to Innovate

Cultural Change

- Changing the structure and timing of benefits from one where “all workers have an entitlement’ to one where “all injured workers are paid, and the not injured are actively rejected.”
- Greater protection for insurers, employers and Doctors when rejecting claims
- Regulating the Compensation Lawyers to reduce the flood of advertising regarding compensation so that it targets injured workers that actually need assistance rather than any worker happy to make a claim. Also making sure that the extent of their fees are made clear to the employee and the general community – preventing large claims being paid out and then all the money filtering over to the solicitor.

Proof of Injury

- Ensuring that all workers are educated that an injury must be reported to the employer straight away or at the latest before the end of the shift where the injury occurred.
- Not allowing any injury that was not reported to be accepted regardless of whether a Doctor has signed the Workcover Certificate. If this is communicated thoroughly to all NSW employees prior to implementation, or perhaps with a staged implementation, no one will be disadvantaged.
- Only Workcover trained and accredited Doctors can sign off on Workcover Medical Certificates

Poor Claim Management

- Allow employers to switch insurers during policy year where concerns over claims management occurs
- Rate the actual performance of each insurer closely and by office or region. Penalise insurers for not performing their duties properly.
- Audit policies and procedures of Insurers to make sure fair and not so risk adverse they accept all claims.
- Time limit on injuries. No injuries over 1 week or 1 month old can be claimed. Still need to have been reported on the day of injury at site as per above.
- Have standard payments for specific injuries so that they do not vary widely between insurers and employees. I have seen a sprained ankle cost between \$1,000 and \$10,000 with the same insurer for the same severity of injury but with a different case manager.

Types of Claims

- Remove strokes and heart attacks from cover
- Review stress claims, their overall size and value and whether or not they should be covered in relation to mental illness or personal issues.

Payment of Benefits

- Review and simplify calculations of payment of benefit.
- Remove estimates when an employee is working full time regardless of the time in relation to end of policy year
- Reassess actual liability of the current scheme based on actual costs versus applied estimates that are not payable
- The payment system is extremely manual and requires excessive amounts of paper forms. Insurers are generally losing forms and paying incorrect amounts.
- Employers are also not sure what to pay as benefits and can incorrectly over or underpay employees.
- Payment of medical invoices on time by insurers. Insurers take excessively long times to pay these invoices leaving cases open and estimated amounts in the claims costs.

No Fault Scheme

- Do not penalize employers that are not negligent because of employee negligence.
- Possible have employers rated for overall safety. Could include QA accreditation, accreditations to ISO 9001, ISO 1200 etc.
- Take into account employer's safety records, systems and overall employee satisfaction rather than listen to one employee who may have personal issues or motives when lodging claims.

Premium Calculations

- Have these make more sense so that they are understandable by employers.
- Introduce 6 month premium reviews rather than 12 month reviews or consider having premium years end at the end of March so adjustments are accounted for in the relevant year.
- Standardize insurer reporting requirements on calculations, open claims and formatting so that amounts and errors are easily identifiable.
- Provide a way to check the insurers calculations are correct – online checker or guide.

- Consider whether the Scheme should be adjusted for contract employees or short term casuals.

Workcover

- Provide additional resources so that Workcover can make determinations much sooner rather than over 6 months later.
- Appeals have no transparency. We are not able to understand why an appeal is accepted or rejected. No discussion takes place so it is not know if an appeal is rejected because of missed information or misunderstanding of the appeal by the authority.

Recruitment

- Review the methods of premium calculations for labour hire businesses so that they better reflect the actual cost of injuries and are not multiplied to excess.
- Review the predecessor rule in relation to premiums for labour hire firms to allow the savior and purchase of struggling entities

Spectrum Community Outcomes Pty Ltd t/as SCO Recruitment

Brief History

SCO Recruitment was established on 11th May 2009 in partnership with the employees and senior management of the not for profit entity, Spectrum Employment Services Cooperative Ltd (SES) after the Board of SES decided to close the business. Larissa Robertson, our Founding Director and C.E.O., who was the financial controller of SES, purchased the assets and operations and split the organisation into two companies, Spectrum Community Outcomes Pty Ltd (SCO) t/as SCO Recruitment and Spectrum Community Focus Ltd (SCF) t/as Trim and Proper Property Services.

At SCO Recruitment our mission is to close the gap between commercial sustainability and social development. We have combined keen commercial expertise with our Not for Profit heritage to build a financially stable and community orientated company that delivers cost effective recruitment solutions while delivering high quality recruitment and great customer service to Local Government.

Community

SCF was established on 28th May 2009 by the Directors of SCO Recruitment to assist some of the most disadvantaged members of our community. SCF is a public benevolent institution and charity with the mission of alleviating poverty by providing employment and training opportunities for socially disadvantaged, long term unemployed and indigenous Australians. SCF's property services business, Trim and Proper Property Services, is an employment incubator that directly employs disadvantaged Australians as Gardeners, Horticulturalists, Cleaners and Handypersons. We provide thorough training and support to all our people and ensure they perform at the top of their industry. SCF is a self-funded not for profit that operates with the assistance and support of SCO Recruitment. We believe that the best way to break the poverty cycle is through gainful employment. To help achieve this goal, we combine our skills and resources from both our recruitment and property services businesses to provide job seeking support,

employment opportunities and training for socially disadvantaged people and communities. SCF provides thorough training and support to all our people to ensure we meet and exceed all the delivery service requirements of our contracts.

Corporate Structure

SCO Recruitment is a 100% Australian Family owned Propriety Limited Company. It is run by our CEO, Larissa Robertson who is supported by our Senior Management team, which consists of our National Sales Manager, our Recruitment Operations Manager and Property Services Operations Manager, our OHS and HR Manager and our Financial Controller. Both SCO and SCF share a common Board of Directors and Senior Management team.

Size

SCO Recruitment recently took out 2nd Place in the 2012 and 2011 StartupSmart Awards, which celebrate Australia's most innovative and fastest growing startups. This year, the awards featured more than 160 entrants and shined a spotlight on the best ideas and new businesses in the country. In addition, SCO recently took out 1st place and was named the 'Fastest Growing Company' at the SmartCompany Smart50 Awards of 2011, with this award also recognising the most innovative and fastest-growing new businesses in Australia. In addition, our C.E.O. Larissa Robertson was ranked in 28th place in SmartCompany's 30 Top Australian Female Entrepreneurs List for 2012.

As a result of our continued growth and success, SCO has recently opened up offices in Victoria, South Australia and Tasmania to accompany our head office in NSW. SCO Recruitment supplies approximately 400 FTE casual employees to Local Council, Industrial and Commercial clients across Australia, with some of our very satisfied clients being Local Government Procurement, the City of Sydney Council and Procurement Australia.

Additionally, SCO maintains a well organised and efficient operational structure which provides us with the flexibility to quickly and effectively engage and implement new recruitment contracts within timeframes negotiated with our clients.

Expertise

As SES and now as SCO Recruitment we have over 16 years experience in providing recruitment services to Local Government within their various divisions. SCO Recruitment's ability to service and support the Temporary, Contract and Permanent staffing needs of Local Government efficiently and effectively is evidenced by the our long term and continued supply of recruitment and labour hire services to over 30 Local Councils in NSW.

SCO Recruitment is currently a preferred supplier and panellist Recruiter for the following Local Government Contracts:

- SSROC (Southern Sydney Organisation of Councils) - Provision and Coordination of Temporary Staffing Services to Member Councils
- LGP808 (Local Government Procurement) – Temporary Personnel and Associated Services
- City of Sydney Tender 0843 – Provision of Temporary Staff
- SES was a preferred supplier under the State Government contracts for the supply of Recruitment services; 1078 and 755.

SCO Recruitment maintains a skilled pool of staff that can be called upon at short notice. We have a team of professional and dedicated recruiters whom combined hold over 35 years industry experience. Our consultants are each top performers, consistently meeting clients' business and staffing objectives. Our team understands the industry and its challenges and their strengths come through their passion, tenacity, efficiency and willingness to deliver innovative recruitment solutions. Our personal integrity is reflected through our work and genuine concern with the decision making process and its results for both clients and candidates.

Fair: To ensure we are fair in all our dealings with all stakeholders including but not limited to clients, candidates, employees, shareholders and suppliers.

Innovative: We strive for continuous improvement and innovation. We think outside the box to ensure we are delivering the best service possible.

Team: It is our people and their teamwork that underpin the success of our business and we will always provide a safe, healthy and happy work environment.

Leaders in Our Field: We will not sit back and let our competition lead the way. We are proactive in our actions and will continue to build our business on strong ethical foundations and best practice.

Relevant: We will ensure that we remain flexible and dynamic and that the services we provide are always relevant to the needs of our clients.

Honest: SCO Recruitment and all our team must follow the highest ethics through unquestionable honesty, trust and loyalty.