

**INQUIRY INTO 2018 REVIEW OF THE WORKERS
COMPENSATION SCHEME**

Organisation: National Insurance Brokers Association of Australia
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Please accept this brief submission to the Standing Committee's review of the workers compensation scheme.

The National Insurance Brokers Association of Australia represents around 350 insurance broking firms who offer risk management and insurance support and advice to their clients – small, medium, large and multi-national businesses, governments, not for profit organisations and community groups across New South Wales and across Australia. Insurance brokers account for approximately half the annual general insurance premium each year in Australia, around \$19 billion.

We note the focus of the review is the feasibility of a consolidated tribunal for compulsory third party and workers compensation dispute resolution. We also note the Government has recently announced its position in relation to the management of workers compensation disputes.

We believe any consideration of dispute resolution processes and procedures must start with a detailed analysis, for both CTP and workers compensation schemes, of –

- The number of disputes in each scheme
- The nature of those disputes
- The complexity of those disputes, including a clear understanding of matters typically in dispute and the reasons for those matters to be in dispute
- The factors giving rise to those disputes
- The efficiency, or otherwise, of current dispute resolution frameworks
- The need to maintain at all times appropriate arrangements for fairness and justice for all parties to disputed matters
- Options for establishing a consolidated tribunal, including the expected costs of operation and potential cost savings from current tribunals and frameworks of each of those options
- Some form of cost/benefit analysis of those options, bearing in mind the need for fairness and justice for all parties, and not simply the provision of the lowest cost dispute resolution framework.

NIBA is not aware of any information base that sets out this information. We are therefore not in a position to make a submission on the feasibility of a consolidated tribunal for CTP and workers compensation schemes.

We do suggest that before any changes are recommended, there be a thorough analysis of the nature of disputed matters, and why those matters are giving rise to disputed claims. Consideration needs to be given to whether the drivers of those disputes can be better managed and reformed, in a way that does not require complicated and no doubt expensive dispute resolution procedures to be applied.

Finally, we note that the financial reports and statements for the workers compensation scheme as at 30 June 2017 indicated a number of very serious negative trends in the number and cost of claims, and in the level of reserves being maintained by icare on behalf of the scheme. Only limited financial information on the performance of the scheme has been published since that data became available, with no apparent improvement in the trends which were of concern as at June 2017.

Negative financial trends have the capacity to result in higher premiums for every employer in New South Wales. We therefore believe it is critically important that the Committee and the Parliament understand the financial performance of the scheme, the trends in claim numbers, claims costs, claim cost development over time, and the overall capacity of the scheme to meet its financial commitments in the future. A deteriorating financial position can normally only be remedied by one

of two options: higher premiums paid by employers, or lower benefits for injured workers. Both of these outcomes can and will give rise to serious outcomes for the people involved, and for the State and the State's economy.

We urge the Committee to monitor closely the financial performance of the scheme, in addition to other aspects of the workers compensation scheme that the Committee wishes to examine.

Please do not hesitate to contact me if you would like to discuss any of these comments.

Kind regards,

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