

REPRESENTING PROFESSIONAL INSURANCE BROKERS



Mr Mike Woods  
Presiding Commissioner  
National Workers' Compensation and OH&S Frameworks Inquiry  
Productivity Commission  
PO Box 80  
Belconnen ACT 2616

8 J U L 2003

Dear Mr Woods

At the public hearing in Sydney on 25 June you asked NIBA to expand upon its view that two objectives of a national framework for workers compensation should be (a) the elimination of gaps and inconsistencies involved in the current state-based systems and (b) increased flexibility in the way employers are able to manage their responsibilities under the arrangements.

*Access and coverage for workers' compensation should be the same in all parts of Australia. The right to access and the benefit payable should not, as they currently do, depend upon the state or territory where the employer is based or the state or territory where the employee was working at the time of injury.*

NIBA believes a fundamental principle of a national framework for workers' compensation insurance scheme should be that whatever arrangements apply those arrangements should be consistent across all states and territories, *as it is for all other types of business insurance.*

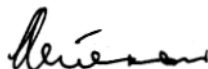
Having consistency between all states and territories does not mean that the arrangements must be rigid. It simply means that any flexibility in the national system should not depend upon residency of a particular state or territory.

The second principle for a national framework referred to by NIBA at the public hearing is flexibility for employers to adjust to market forces. The national framework should involve a competitive national market that rewards employers for good employment practices and for adopting sound accident and risk management strategies.

Employers should have a choice in such matters as to who underwrites their workers' compensation liabilities and handles their claims and how those claims are managed. They need the option to move from non-performing insurers to an insurer of choice. Similarly employers should have flexibility and be able to negotiate singularly or in groups the funding arrangements for their workers' compensation liabilities. Employers of similar size and with similar claims histories should be able to negotiate as a group, either through an industry association or as a trading block. Innovation should be encouraged and efficiency rewarded.

*Ideally, the same flexible system of workers' compensation under which employers are able to influence the outcomes should apply across all states and territories.*

Yours sincerely



Noel Pettersen  
Chief Executive Officer