

Mike Woods
Commissioner
Workers Compensation and OHS
Productivity Commission
PO Box 80
Belconnen ACT 2616

Dear Mr Woods,

**PRELIMINARY SUBMISSION BY UNITED GROUP LIMITED TO THE
COMMISSION INQUIRY ON WORKERS COMPENSATION AND OHS**

The following preliminary submission outlines the core areas where United Group Limited intends to provide more detailed information during the process of this inquiry.

We appreciate the opportunity to make this submission, and we share the hope that the outcomes of your inquiry will lead to a more streamlined, effective and competitive system for Australian workplaces.

Our hope is that a National framework will be established for employers such as ourselves with operations in most States and Territories (and in New Zealand) to self insure and comply with Workers Compensation and OHS requirements in all jurisdictions and provide a safe, healthy and productive work environment for all our staff.

A key element of our submission is our offer to use United Group Limited as a trial/pilot employer to test the capability & capacity of a National system that would exceed requirements in all appropriate jurisdictions.

We would also be taking advantage of the many previous activities by organisations such as the Heads of Workers Compensation Authorities, NOHSC and the Self Insurers Association where significant data, information and learning has already been achieved in this area. We would hope that the Commission would be able to facilitate some networking and inputs from these key stakeholders as a part of the inquiry, perhaps establishing an advisory group of the parties to work on this challenge.

We would be thankful for the opportunity to make a formal presentation to the inquiry and a more detailed submission following feedback from this activity.

Please find our draft submission attached, and an initial PowerPoint presentation that will form the basis of our presentation to the Commission.

Yours sincerely

Paul Long
Executive General Manager
United People
United Group Limited

The following background information is an extract from the Productivity Commission papers provided to interested parties as a part of this inquiry process.

Background

In 1994 and 1995, the then Industry Commission conducted comprehensive inquiries into Australia's workers' compensation and OHS arrangements — Report No. 36 Workers' Compensation in Australia (4 February 1994) and Report No. 47 Work, Health and Safety (11 September 1995). In doing so, the Commission made a number of recommendations addressing national arrangements for both workers' compensation and OHS.

Since the Industry Commission inquiries there have been a number of developments bearing on Australia's workers' compensation and OHS programmes. Most States and Territories (States) have made a significant number of legislative and operational changes to their programmes that have primarily focused on local conditions. The coverage of employees under workers' compensation and OHS programmes appears to have declined due to changes in the composition of the workforce and working arrangements.

There have also been a number of other developments that relate to, or may have a direct impact on, future workers' compensation and OHS arrangements, including:

- the House of Representatives Standing Committee on Employment and Workplace Relations inquiry into Aspects of Workers' Compensation is expected to report in early 2003;*
- the HIH Royal Commission, scheduled to report in 2003, is expected to, inter alia, report on the adequacy and appropriateness of arrangements for the regulation and prudential supervision of general insurance, including workers' compensation;*
- the response by governments to the report by joint Commonwealth and States panel on the law of negligence (the Ipp Report) and the Australian Health Ministers' Advisory Council work on legal process reform;*
- the response by governments to the withdrawal of reinsurance for injuries resulting from terrorist attacks; and*
- the Royal Commission into the Building and Construction Industry scheduled to report in 2003 is expected to, inter alia, report on OHS in that industry.*

Workplace injury and illness impose significant social and economic costs on injured workers and their families, employers and the wider community. The lack of a nationally consistent approach appears to have imposed significant compliance costs on business and may have lead to inequities for injured workers in terms of benefits payable and entitlement to benefits.

There is a need to examine whether the establishment of national frameworks can deliver comprehensive and consistent workers' compensation and OHS programmes across Australia. More broadly, there is a need to consider whether any alternative systems to the existing arrangements may be appropriate to support employees and others who may suffer a workplace injury or disease. The frameworks/models should also deliver better outcomes for businesses of different sizes, employees and the general community, while recognising the differing economic characteristics of the States.

A key goal of any new model would be to facilitate improved workplace safety and provide adequate compensation to injured employees while offering a more effective continuum of early intervention, rehabilitation and return to work assistance for those injured in the workplace.

Ideally, a national framework for workers' compensation and OHS would encompass a cooperative approach between the Commonwealth and State governments while still leaving primary responsibility for these systems with the States. Moreover, any national frameworks would provide the States with adequate flexibility to address local conditions, encourage competition and facilitate competitive neutrality.

The United Group echoes the goals and outcomes sought by the Commission as outlined in the Commission's paper on this inquiry. We have an OH&S Management System in operation for our workplaces, which is a comprehensive and integrated approach to all Workers Compensation and OHS issues.

Our approach recognises the unique environment that workers compensation, health and safety has in the workplace. It is distinct from other Human Resource activities such as pay processing or recruitment in that it is not a process with defined "start and finish" times. It is better defined as a continuum of obligation and responsibility on all related parties, with the circumstances of events determining appropriate course/s of action.

In understanding this "continuum", our organisation handles all matters associated with this and how it impacts on employers, employees and workplaces. Our experience shows that an integrated, end-to-end approach is the most efficient and effective way to manage workers compensation, health and safety.

As a diverse organisation, we have a range of jurisdictional requirements that require a deep pool of professionals managing our own staff, and the staff required to provide outsourced services to a range of client agencies including private sector, State Government and Commonwealth Agencies. We are quite unique with regard to the environments and jurisdictions where we must carry expertise in.

We have drafted our initial submission in the context of making general comments to the following points from your paper. Our final submission will pick up these key points, expand on them based on the feedback to this submission, our presentation and any further consultation opportunities that occur during this exercise.

UNITED GROUP LIMITED

We are strongly in favour of the consistent themes and general directions that the majority of stakeholders have outlined in the decades of consideration for a National framework for Workers Compensation and OHS in Australia and the region.

These include elements such as:

- ❑ the basic right for a safe work environment for all Australian employees, with the associated obligation and responsibility to work collaboratively with employers to achieve this in good faith and with open & frank communication
- ❑ underpinning principles such as
 - fairness and equity
 - consistency
 - accountability
 - transparency
 - clarity and simplicity
 - efficiency and cost effectiveness
- ❑ all workplaces, employees and employers understand and meet, preferably exceed, the minimum required elements of workers compensation and OHS
- ❑ a proactive and inclusive approach being demonstrated as the better practice model for the optimum outcomes
- ❑ premiums are based on a single, national set of averages built from the inputs of businesses in all industries
- ❑ insurance providers' activities are contained to setting premiums, not activities which may increase an organisations liability associated with premiums (ie insurance providers should not be authorised to also act as return to work providers)
- ❑ self insurance is a genuine option for generally larger organisations with a proven track record of positive performance in this field
- ❑ appropriate (not necessarily financial) rewards and recognition for positive performance, along with adequate compliance measures and associated penalties for poor performance
- ❑ a clear and simple legal process, focussed on outcomes for the parties not process and procedures (eg the NSW Alternative Dispute Resolution model)
- ❑ centres of excellence where a State or Territory may wish to specialise in a particular injury type & take best advantage of all like cases being managed from the one site. This is likely to lead to more consistent determinations for injuries across all jurisdictions

Our thoughts on the key components of each individual organisation having its own integrated system would include the following:

- ❑ Prevention - OHSMS; Training; Inductions; Advice; Reporting
- ❑ Injury management - RTW; Provider liaison; Training; Advice; Reporting
- ❑ Governance - Self Insurance; Premium Devolution; Audit & Compliance activity; Legal matters; Training; Advice; Reporting
- ❑ Information technology, systems and business structure - Single database integrated with the HR system in place within the organisation; Training; Advice; Reporting

- ❑ Administration - Policies; procedures; guidelines; payments to injured staff; file & documentation management; data entry; Training; Advice; Reporting
- ❑ Leadership - Primary accountability; Resourcing decisions; setting the strategic vision; demonstrating genuine commitment
- ❑ Communication - Effective across all parts of the business & between levels of staff as appropriate (privacy act considerations) with multiple access points (eg online, telephone, face to face, by facsimile, web enabled, SMS compatability)
- ❑ Ongoing evaluation & review for continuous improvement.

Our attached presentation highlights some of these issues and outlines an approach where this organisation is willing to stand up and be a part of the changing landscape of Workers Compensation and OHS.

We are eager to follow up on this preliminary submission and would welcome your feedback to assist us in this. We understand that there will be presentation opportunities in Canberra on 18 June

Please contact John Schofield on (02) 6245 5208 or email john.schofield@unitedkfpw.com.au for further information and as the primary point of contact for our submission to this inquiry.

**Initial submission to Productivity
Commission on Workers Compensation
and Occupational Health and Safety**

June 2003

STRATEGIC VISION

VISION STATEMENT

All stakeholders involved in Health and Safety will foster existing partnerships and develop ongoing improvements through the capability of people to deliver quality health and safety solutions that meet and exceed expectations

BACKGROUND

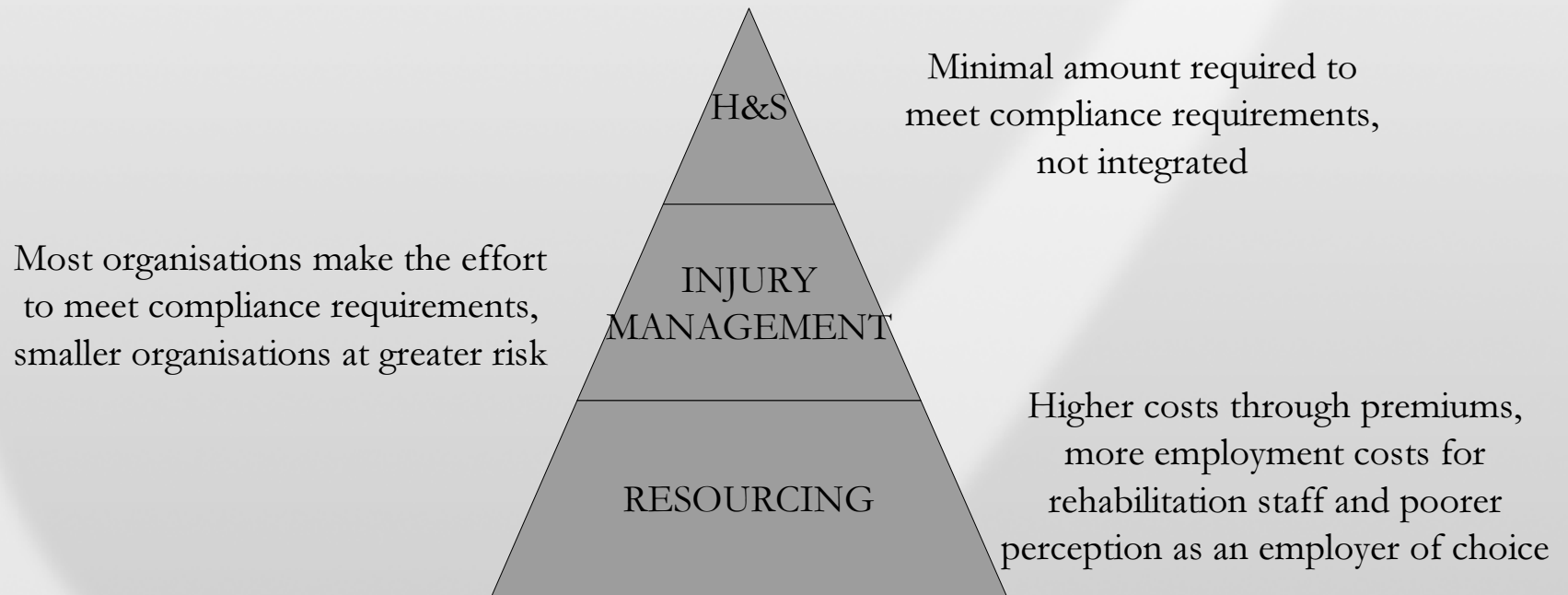
**ALL EMPLOYERS AND
EMPLOYEES IN AUSTRALIA
ARE GOVERNED BY
LEGISLATED HEALTH AND
SAFETY FRAMEWORKS**

**THERE ARE HUMAN AND
FINANCIAL DIVIDENDS TO
BE REALISED THROUGH
TARGETTED, STRATEGIC
INVESTMENT IN HEALTH
AND SAFETY**

INTEGRATED HEALTH AND SAFETY

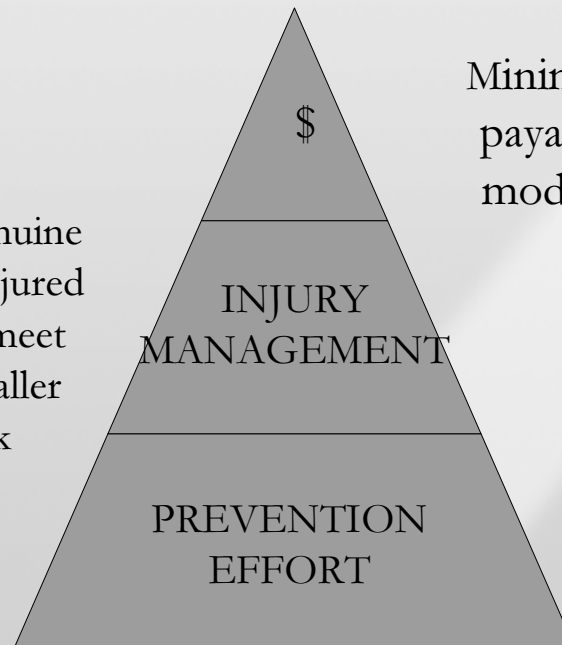
Details of the merits of an Integrated Model & how it will be used by UGL in the trial/pilot

TYPICAL RESOURCE ALLOCATION



POTENTIAL RESOURCE ALLOCATION PYRAMID

These organisations make a genuine collaborative effort to return injured staff to pre-injury duties and meet compliance requirements, smaller organisations at greater risk



Minimal resourcing amount payable with an integrated model working effectively

Greater effort and activity in prevention will lead to a strong base for ongoing effectiveness in total H&S outcomes, enhancing employer of choice status

A PROPOSED MODEL

After determining the overall position of an organisation relative to the benchmarks for its jurisdiction(s) and industry, a model is developed and agreed to either maintain or improve performance with a pathway to migrate to this “new” destination

This would mean mirror or matching legislation recognition for businesses that operate in multiple jurisdictions

This could require a flexible structure catering for small, medium and large business. This way a “one stop shop” approach would exist for employers, and would streamline the number of parties involved from a claimants perspective

INITIAL TARGETS

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Obtain commitment from relevant stakeholders to a single, national model as an option for businesses with operations in more than 1 jurisdiction

Develop & pilot the model of Integrated Health and Safety for the National framework

Consistent Induction Training Package for “Core” elements in all jurisdictions

Development of a Knowledge Database for Health & Safety



**Details relating to a single,
National model
for Workers Compensation and
OHS including
depth, breadth and relevant
parameters**

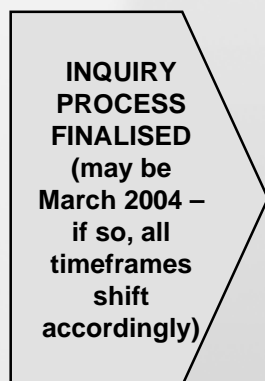
**Details of a Nationally
consistent Induction
Program for all businesses**

**Details relating to a single database
with sufficient capacity and
capability to meet & exceed all
requirements in all jurisdictions**

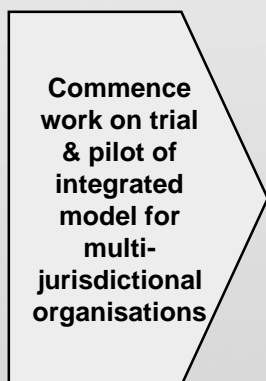
PROPOSED TIMEFRAME FOR IMPLEMENTATION

Ongoing assessment, evaluation and amendments whilst in Trial & Pilot period

NOV 2003

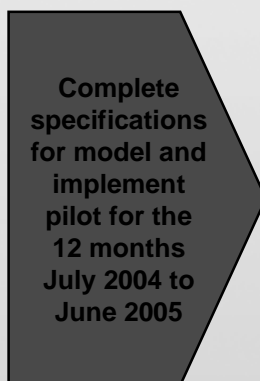


*DEC 2003 –
MARCH 2004*



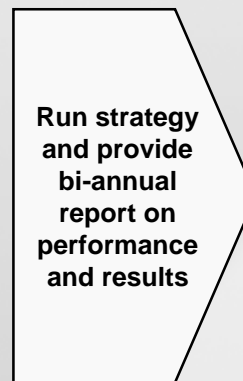
- Commence market research and analysis on available options
- Commence planning for the trial & pilot

*APRIL 2004 –
JULY 2004*

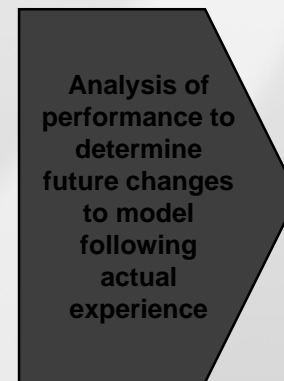


- Analyze data.
- Assess overall performance against market benchmarks

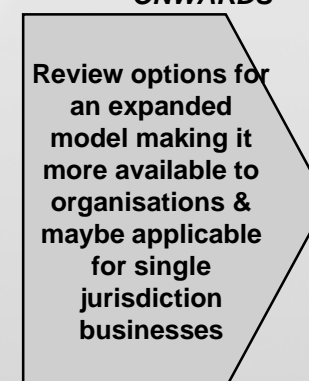
*JULY 2004 -
ONWARDS*



DEC 2005



*JAN 2006 -
ONWARDS*



Requires commitment to a single, national model as an option for businesses

Other information