

26 October 2016

The Hon Shayne Mallard MLC
Chair
Legislative Council Standing Committee on Law and Justice
Parliament House
Macquarie St
Sydney 2000

Email: lawandjustice@parliament.nsw.com.au

Dear Mr Mallard

First review of the NSW workers compensation scheme

The Insurance Council of Australia (ICA) is the industry association for the general insurance industry. Some of our members are involved as underwriters or claims agents for a number of state and territory based workers compensation schemes in Australia, including as scheme agents for icare and specialised insurers to the NSW workers compensation scheme.

Congratulations on your appointment as Chair of the NSW Law and Justice Committee ('the Committee').

We refer to the Committee's first review of the workers compensation scheme now underway. Thank you for the opportunity to make a submission at this stage of the review.

In line with the broad terms of reference of this inquiry we enclose the following publicly available documents the Committee may wish to consider as part of its review:

1. Finity Consulting's Best Practice Workers Compensation report ('the Finity Report') of May 2015 (commissioned by the ICA);
2. The ICA's June 2014 submission to the Competition Policy Review.

In particular, we draw your attention to the scheme objectives outlined in the Finity Report, namely to:

- Encourage prevention of work related injury and disease;
- Support injured workers returning to work;
- Assist in full recovery;
- Compensate fairly;
- To charge employer premiums that are affordable, reflect risk, and fully fund liabilities.

The Finity Report also identifies the need for workers compensation schemes to be socially as well as financially sustainable, with social sustainability driven by the following scheme features:

- **Balance** – a best practice scheme is not so generous as to be unaffordable, but not so limited as to cause hardship and community concern;
- **Fairness** – the scheme must be considered fair to all stakeholders;
- **Consistency** – a scheme with consistency in design and management will be more sustainable than one where there is inconsistent approaches in different parts of the scheme;
- **Culture** – a culture that says returning to work is good for you and that empowers injured workers to actively participate in their own recovery, rather than fostering a compensation mentality, supports scheme sustainability (with a focus on capacity rather than incapacity).

Please note these documents were prepared at a 'macro' level, and not with a specific focus on the NSW workers compensation scheme.

We look forward to the outcome of your review and to continuing to work closely and in partnership with icare in any future reforms to the scheme.

If you have any questions please contact Vicki Mullen, General Manager, Consumer Relations and Market Development Directorate via email vmullen@insurancecouncil.com.au or on (02) 9253 5120.

Yours sincerely



Robert Whelan
Executive Director and CEO

Encl.