



REVIEW IS ONLY HOPE FOR COMPENSATION

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There is something wrong with workers' compensation schemes when half of the \$6 billion paid by employers is spent on doctors, lawyers and government administration, and not on injured workers.

The system is also not working if premiums go up when injuries and claim numbers go down. Therefore the way workers' compensation systems operate needs to be reviewed.

Australia is a national economy and national companies are asking why we have six separate state workers' compensation systems, two separate territory compensation systems and another system for public servants and commonwealth enterprises.

Small businesses, less concerned about a national scheme, also need better quality regulation.

Discussions about workers' compensation arrangements for national companies raise tricky questions.

Would small employers be disadvantaged if large companies used a national system? Is our population big enough for state compensation systems to compete with a national system? Would a national system spawn a bigger bureaucracy or be harder to change? If employers choose which compensation system to use, where does this leave the rights of workers to compensation and rehabilitation?

These questions cannot be swept under the carpet.

As a national compensation system can be set up only by the commonwealth, and because the private sector is under state and territory systems, progress can be made only if commonwealth, state and territory governments work together.

So far the signs are not good.

In May, the workplace relations ministers' council could not agree on a joint work plan. This was despite a regulation review taskforce recommending national consistency, supported by an earlier report from the Productivity Commission. This month, the NSW government threatened to walk out of talks between governments, unions and employers on the Australian Safety and Compensation Council.

The Victorian government has also taken legal action to stop the commonwealth giving Optus access to the same national compensation system as Telstra.

Much of this flows from the political games state governments are playing with Work Choices. Despite this, industry expects co-operation from governments on important issues like workers' compensation. If joint approaches are not worked out, the commonwealth could move unilaterally.

This is no idle possibility - the effect of the pending High Court decision on Work Choices could lead to a commonwealth power over workers' compensation.

The starting point should be for governments to allow self-insured national companies to operate under a national compensation system. This would create efficiencies of scale for those companies, and not weaken state schemes because self-insured employers (not the schemes) pay their costs. Whether we should go further than that is debatable.

A business paying its own compensation costs has an incentive to make workplaces safer and help rehabilitate injured workers. Such an arrangement could benefit both businesses and their staff.

Allowing self-insured companies into a national scheme does not mean that a national scheme for other employers should be set up, or that state schemes should not exist.

Competition between schemes might be better than a single national scheme. If there is value in competition, then we need viable state and territory schemes. Doing things that weaken their viability would be counterproductive.

The commonwealth scheme, Comcare, may not be the best model. It was set up for the public, not the private, sector.

Governments must act on the principle that compensation schemes do not exist for their own benefit. They are a real workplace issue for employers and employees that cannot be put in the too-hard basket.