



Institute of Actuaries of Australia

Opportunities for Harmonisation in State Workers Compensation Schemes

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Abstract

The objective of the paper is to review variations in legislation, insurer and regulator practices, and WorkCover scheme processes across states and to outline the issues and impediments to harmonisation of workers' compensation processes across states.

Current real and perceived variations in legislation, insurer and regulator practices, and WorkCover scheme processes across states cause complexity for employers and employees. The impacts of this variation are particularly encountered by multi-jurisdictional employers.

In our research for one of the WorkCover Authorities twenty points were consistently raised by employers who had cross jurisdictional operations. These twenty points were validated as representing the comprehensive list of employers' key issues and as being of substantial impact to employers based in various states. The overall finding of the study was the extent which administrative differences, rather than any fundamental differences in premiums and benefits, were a major concern for employers.

Areas addressed in our study included key differences between the state schemes, as well as processes, procedures and policies that can be harmonised without legislative change. Investigations included the length of time it would take before benefits are realised, and investments required to realise the benefits of harmonisation. The stakeholders impacted by the changes were identified, with investigation of how changes could be prioritised and communicated.

Certain harmonisation initiatives have already been defined and prioritised through consultation with the WorkCover Authorities for immediate action, based on the impact for stakeholders and the ease of short-term implementation.

Keywords: workers compensation, harmonisation, multi-jurisdictional, employer, state, scheme, premium, claim, process, benefit, wage, communication, legislation, Deloitte.

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1. Introduction

Current real and perceived variations in legislation, insurer and regulator practices, and WorkCover scheme processes across states generate complexity for multi-jurisdictional employers. According to a Deloitte study conducted in May 2006 with two of the authorities and a number of employers, employers said this complexity led to the following results:

- an administrative burden and duplication of work effort, significantly increasing their cost of compliance.
- an increase in the likelihood of errors when filing important data since the subtle variations in reporting requirements between states are often difficult to pick out.
- workers' compensation staff are forced to spend more time on paperwork and therefore are less able to focus on injury prevention within the workplace.

State WorkCover authorities are faced with a delicate situation. They are under significant pressure to maintain the hard-fought rights of the workers and employers who fall within their jurisdictions which have evolved throughout decades of history. They are also, however, faced with increasing discontent amongst multi-jurisdictional employers who desire a simplification of compliance rules and some degree of synchronicity between each of the state WorkCover schemes.

What is the solution? One way forward – and the basis for this paper – is examining the opportunities existing within the state schemes for the harmonisation of WorkCover regulations, processes or policies, and the systems and practices that underpin them in each jurisdiction. This would highlight opportunities to reduce the administrative burden for multi-jurisdictional employers. There are also potential benefits for the state authorities, as more accurate data reporting and a greater focus on injury prevention leads to enhanced stability in the workers compensation environment.

2. Background

Each Australian state workers' compensation authority actively works toward ensuring workers are adequately compensated for injuries sustained on the job and seeks to provide employers with an affordable means of covering their employees and helping them return to work. Despite a consistent objective, each state's system varies based on local employer and employee requirements. Each authority has, since inception, developed distinct policies and procedures to govern workers compensation. Further, legislation and agent and regulator practices have evolved on a state-specific basis.

Fundamentally, the differences have been driven by the need to tailor WorkCover schemes for the unique mix of industry and population that characterises each state economy. Legislation, agent and regulator practices and scheme processes have been refined to serve the best interests of state constituents – or the workers and employers who are the primary stakeholders.

The end result is a national workers compensation framework with eight separate jurisdictions and eight different sets of compliance requirements for employers and injured workers. Employers who operate in only one state deal with a system catering to their needs – they only need to understand the obligations that apply for the jurisdiction they work in. For those who have operations spanning across several states, however, complying with workers compensation regulations can be a much more difficult process. Not only are these employers faced with the need to understand the rules of each jurisdiction, they must also be able to discern the subtle differences between them.

3. Harmonisation between WorkCover schemes

The ultimate aim of harmonisation initiatives is to streamline employer compliance requirements. Where possible, harmonisation initiatives would provide consistent processes and regulations used by all states to govern key workers compensation processes like making a claim or paying a premium.

Achieving harmonisation is a challenging task. State authorities recognise that differences between schemes can cause difficulties for multi-jurisdictional employers. The authorities have made attempts to raise the issue, as exemplified by the Heads of Workers' Compensation Authorities (HWCA) organisation, which publishes an annual report outlining the high level similarities and differences between schemes. Furthermore, Victoria WorkCover and New South Wales WorkCover announced in August 2006 that they are collaborating on a ten-point action plan to harmonise key areas. The Council for the Australian Federation supported this trend by signing an agreement on harmonisation of workers compensation and occupational health and safety arrangements in October 2006.

This cooperation amongst the authorities and heads of government, however, does not alter the fact that many of the fundamental differences causing problems to multi-jurisdictional employers are regulations governed by state legislation. Some areas under consideration for harmonisation would, therefore, require changes to legislation through state Parliaments, which can become a protracted process. In addition, harmonisation initiatives require communications with the stakeholders in the respective jurisdictions – such as trade unions – if any of the changes have an impact on employee rights in each state.

It is clear that not all differences between workers' compensation schemes can be bridged; indeed, it would be counterproductive and possibly inadvisable to seek complete alignment on all aspects. While recognising the concerns of multi-jurisdictional employers, the majority of employers are based in a single jurisdiction. As such, the authorities must focus on minimising disruption to business as usual for the majority of their constituents when addressing the state variations.

The success of any move to harmonise may therefore depend on a detailed understanding and careful management of risks that delay initiatives and adversely impact local service delivery. Certain differences between states may be feasibly resolved in the short term, while others may require planning and efforts over a significant amount of time to reach objectives in the long term. Points of difference raised by employers must therefore be assessed to determine whether they would form part of short-term or long-term harmonisation initiatives.

4. Key differences impacting multi-jurisdictional employers

The first step towards harmonisation involves understanding the main points of difference which generate complexity and increase administrative costs for employers. Although there are many aspects of real or perceived difference between state schemes, it is the variation around key processes employers undertake that cause the largest problems from their point of view.

The following sections will focus on the analysis of these key processes and the impact they have on multi-jurisdictional employers, based on studies conducted by Deloitte in May 2006.

During the study, which is described in Appendix 1, the points of difference highlighted by employers, can be grouped into three broad areas:

- 1) variations in processes and regulations related to premiums
- 2) variations in processes and regulations related to claims
- 3) submissions and communications related to both areas.

4.1. Premium related processes and regulations

All employers in Australia are required by legislation to provide workers compensation cover to their workers, and accordingly, all employers are subject to annual costs. Each state WorkCover scheme performs three main activities relating to premiums: first, they gather information about the employer; then use this information to calculate premium payable; and finally, they collect payment from each employer. Yet despite undertaking the same tasks, each state has developed its own set of regulations and processes to carry out these activities.

Table 1 outlines the key variations relating to premium processes, highlighting the challenges faced by employers and the resulting impact to their organisation.

Table 1 – Key Variations Relating to Premium Processes

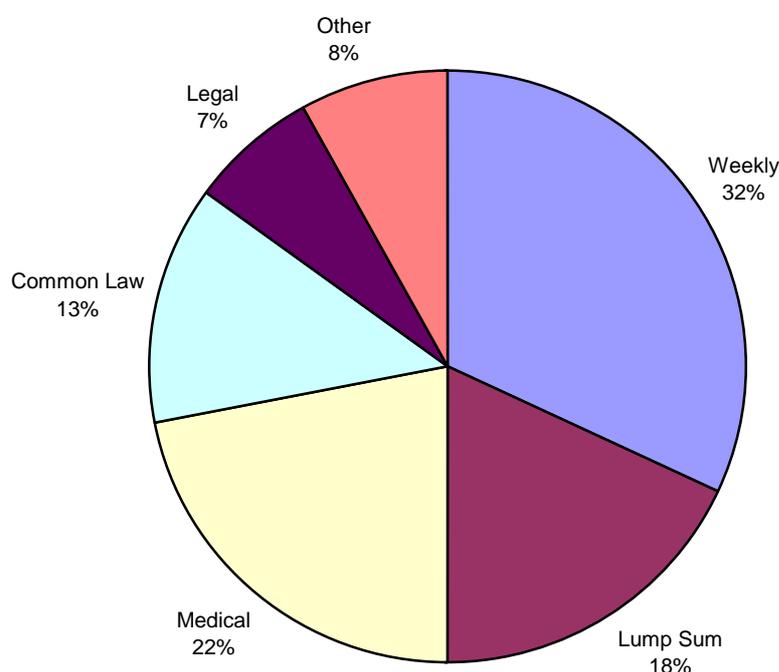
<p>Definitions of “worker” and “remuneration”</p>	<p>Challenges:</p> <ul style="list-style-type: none"> • Variations exist around whether contractors are considered deemed workers. • Variations exist around the inclusion of items like superannuation, termination payments and apprentices’ wages in remuneration. • These terms are legislated, making any adjustment a difficult and lengthy process. <p>Result:</p> <ul style="list-style-type: none"> • Employers rate the significant complexity generated by this issue as their top frustration.
<p>Design of wage declaration forms</p>	<p>Challenges:</p> <ul style="list-style-type: none"> • Each jurisdiction has varying appearance and requirements, such as filing total remuneration in some states while others require specific wage data by workplace. • Some states require that wage declarations are audited prior to submission. <p>Results:</p> <ul style="list-style-type: none"> • Administrative burden and duplication of efforts. • Confusion leading to increased likelihood of processing errors.
<p>Due dates for forms and premium payments</p>	<p>Challenges:</p> <ul style="list-style-type: none"> • Some states have fixed policy renewal dates for all employers while others allow renewal at any time. • Variation in instalment plans, discount bonuses for full payment and excess buyout options. <p>Results:</p> <ul style="list-style-type: none"> • Administrative burden for employers with multiple policies. • Increased likelihood of late payments and resulting fines.
<p>Understanding of premium calculation</p>	<p>Challenges:</p> <ul style="list-style-type: none"> • Authorities’ efforts to explain premium calculation have not alleviated all confusion. • Premiums due are communicated too late in the employers’ budgeting process. • Premium estimation is difficult for employers with multiple policies due to operating divisions in different industry classifications. <p>Result:</p> <p>Employers must estimate future premium liability for budgeting purposes, but lack of understanding results in inaccurate estimates.</p>

4.2. Claims related processes and regulations

Variations between state workers' compensation schemes in processes and regulations relating to claims have more pronounced administrative impacts for employers than premium related differences. This stems from the differences in the types of benefits paid to injured workers and the benefit structures adopted by each jurisdiction.

Each state has a defined benefit structure which rewards workers at different rates for differing periods of time for differing purposes. As shown in Figure 1, weekly benefits dominate the claim cost in all states, with the other payment types having varying impacts.

Figure 1 – Example of Percentage of Claim Costs by Benefit Payment Type



Source: Workers Compensation in Western Australia Statistical Report 2001/02-2004/05

These benefit structures have been shaped through years of influence and lobbying to provide workers today with compensation rights characterised by varying degrees of generosity, depending on the state. For example, the weekly benefits component is considerably different across jurisdictions, as illustrated in Table 2.

Table 2 – Summary of Weekly Benefit Structures by State/Territory

Time (Weeks)	VIC	NSW	SA	WA	QLD	TAS	NT	ACT
13	95% of wage differential	100% of wage or 80% of average wage	100% of average wage	100% of average wage	85% of average wage	100% of wage	100% of wage	100% of average wage or wage differential
26	75% of average wage or 60% of wage differential	90% average wage		85-100% of wage	75% of average wage	85% of wage		
52		Wage differential	80% of wage or 80% of wage differential	65% of average wage	75% of wage (may reduce or cease if deemed earning capacity)			
78						80% of wage for up to 9 yrs	65-100% of wage or Relevant percentage of wage differential	
104		Benefits generally cease	Benefits generally cease	80% of wage or 80% of wage differential	65% of average wage for up to 5 yrs	Benefits may reduce if deemed earning capacity		
>104	Benefits generally cease	Benefits generally cease	80% of wage or 80% of wage differential	65% of average wage for up to 5 yrs	80% of wage for up to 9 yrs	Benefits may reduce if deemed earning capacity	Benefits may reduce if deemed earning capacity	

Source: Comparison of Workers' Compensation Arrangements Australia & New Zealand October 2005

It is important to note that the definition of wage varies for each jurisdiction. In addition, most states have maximum and/or minimum benefits. The comparison above is greatly simplified and is shown only to highlight the differences between the schemes. It should also be noted that this comparison does not include benefits types, such as medical benefits, journey claims, lump sums, legal and access to common law.

As a flow on effect of the differences in benefits and benefit structures, regulations and processes have been tailored by each state to ensure that workers injured in the workplace can be quickly and suitably compensated whilst they make all efforts to rehabilitate. Table 3 outlines the key variations relating to claim processes, highlighting the challenges faced by employers and the resulting impact to their organisation.

Table 3 – Key Variations Relating to Claim Processes

<p>Eligibility requirements</p>	<p>Challenges:</p> <ul style="list-style-type: none"> • Employers, in conjunction with their agents, must determine whether a claim is compensable within the jurisdiction. For instance, some jurisdictions allow compensation for claims incurred while journeying to work. • Variations exist around whether an injury qualifies for common law or lump sum payments. • These requirements are legislated, making any adjustment a difficult and lengthy process. <p>Result:</p> <ul style="list-style-type: none"> • Employers spend a disproportionate amount of time determining the validity of a claim rather than focusing on future claim prevention.
<p>Design of claim forms</p>	<p>Challenges:</p> <ul style="list-style-type: none"> • Each jurisdiction has varying appearance and requirements. • A claim form is completed for each injury occurrence, thus the employer encounters the associated complexities with a high frequency. • Each state stipulates a different amount of time for the employer to file report of an injury or remit the claim. <p>Result:</p> <ul style="list-style-type: none"> • Confusion leading to increased likelihood of late or incorrect incident reporting.
<p>Weekly benefits paid to injured workers</p>	<p>Challenges:</p> <ul style="list-style-type: none"> • Variation in the duration of each phase of the claim lifecycle. • Variation in the benefit rate decrease by phase of the claim life cycle. <p>Results:</p> <ul style="list-style-type: none"> • Administrative burden for claims personnel managing claims in multiple jurisdictions. • Increased likelihood of errors by employers' payroll departments when adjusting the salaries of injured workers.
<p>Excess paid by employer</p>	<p>Challenge:</p> <ul style="list-style-type: none"> • Variation in methodologies for determining excess by state. For instance, some states prescribe a set dollar amount while others require full payment for a certain initial period of time. <p>Result:</p> <ul style="list-style-type: none"> • Increased likelihood of over or under payment.

4.3. Submissions & communications

With differences in processes and regulations, it is perhaps unsurprising that there are inconsistencies between states in the mechanisms and methods used for information submission and communications. Many of the differences between state schemes impacting employers relate to the interactions they have with authorities and agents. These interactions can be described as exchanges of information. In many instances, employers submit information to the authorities (via agents) using documents such as wages declarations or

claim forms. Authorities and agents, in return, communicate reports relating information such as receipt of premium payment or status of claims. Exchanges of information may also occur in instances where employers have queries about regulations or compliance requirements.

Table 4 outlines the challenges faced by employers related to exchanges of information and the resulting impact to their organisation.

Table 4 – Issues with Exchanges of Information

<p>Submissions to Authorities and Agents</p>	<p>Challenges:</p> <ul style="list-style-type: none"> • Variations exist around how employers submit documents, such as claims forms and wage declarations. • Each method of submission – mail, telephone or electronic – has its advantages and disadvantages. <p>Results:</p> <ul style="list-style-type: none"> • Paper forms can be difficult to manage when claim volumes are high and are often misplaced or lost in the mail, leading to delays in processing. • Employers generally advocate an internet-based system to accelerate and facilitate processing.
<p>Communications from Authorities and Agents</p>	<p>Challenges:</p> <ul style="list-style-type: none"> • Queries must be directed to state-specific contact centres to resolve problems. • Although some agents have national managers, multi-jurisdictional employers cannot use the same agent in all states due to differences in licensing. • Reporting of claims in process and closed claims is not always done proactively. • Legislative changes are not communicated consistently across states. <p>Result:</p> <ul style="list-style-type: none"> • Inability to talk to a representative familiar with the legislative and process differences between states is frustrating and counterproductive. • Employers with numerous policies find it difficult to track premiums due and outstanding claims.

5. Transforming differences into initiatives

State WorkCover schemes can use the points of difference raised by employers to undertake harmonisation initiatives aimed at reducing compliance complexity. Finding the common ground between states on each of the variations will involve overcoming the obstacles and may involve, in some instances, protracted consultation with stakeholders, lawmakers and actuaries. Some differences may be difficult or inadvisable to change since the resulting disruption would outweigh the advantages of consistency. For instance, harmonising benefits structures may require some states to increase or decrease the compensation they pay out – a shift which will either adversely impact workers by decreasing benefits or cause difficulty to employers by indirectly boosting premium rates. In these cases, there should be a careful

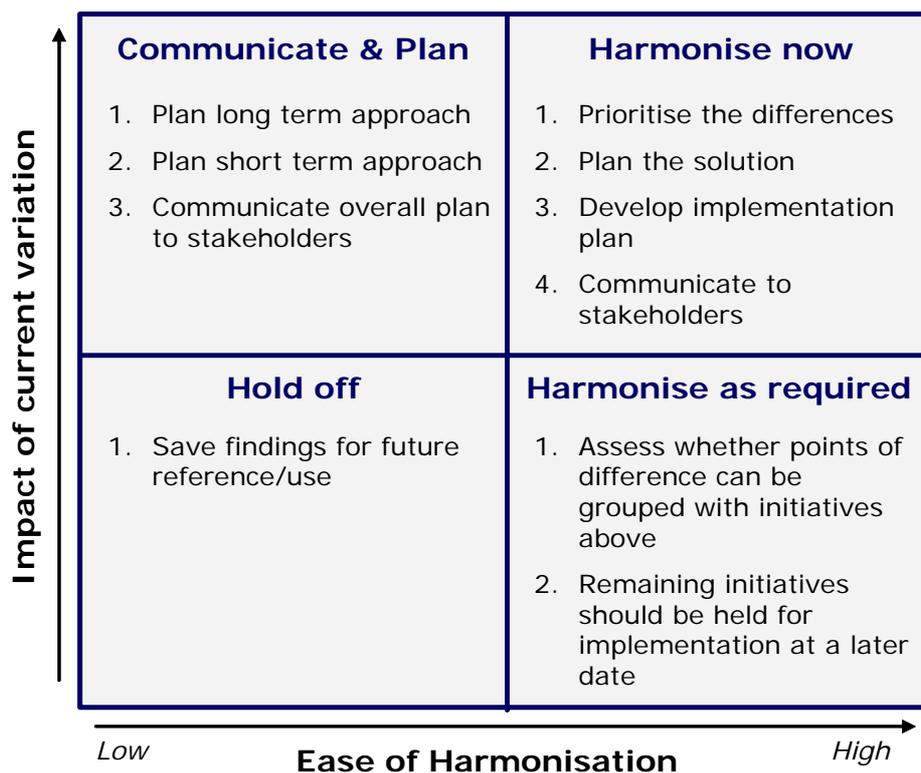
examination of whether the advantages of a common system outweigh the potential disadvantages to the stakeholders.

As a result, harmonisation initiatives must focus on bridging the points of difference which generate the most inefficiency and impact the highest number of multi-jurisdictional employers. Some will qualify as short term initiatives or “quick wins” – differences which can be addressed with short term initiatives without much difficulty, easing the administrative burden for employers without necessarily impacting employers or workers adversely. Others will require a longer period of time to address, particularly if they are regulatory differences set by state legislation or variations where a lack of clarity exists surrounding the impact harmonisation would have on stakeholders.

Subsequent to the study, a first meeting was held on the 13 October 2006 by the Council for the Australian Federation, which comprises all State Premiers and Territory Chief Ministers, resulting in an agreement by the states and territories on harmonisation of workers compensation and occupational health and safety arrangements, detailed in Appendix 2.

The consideration of harmonisation initiatives in the context of balancing the positive impact for employers and employees against the ease of harmonisation is illustrated in the Figure 2.

Figure 2 –Impact vs. Ease of Harmonisation

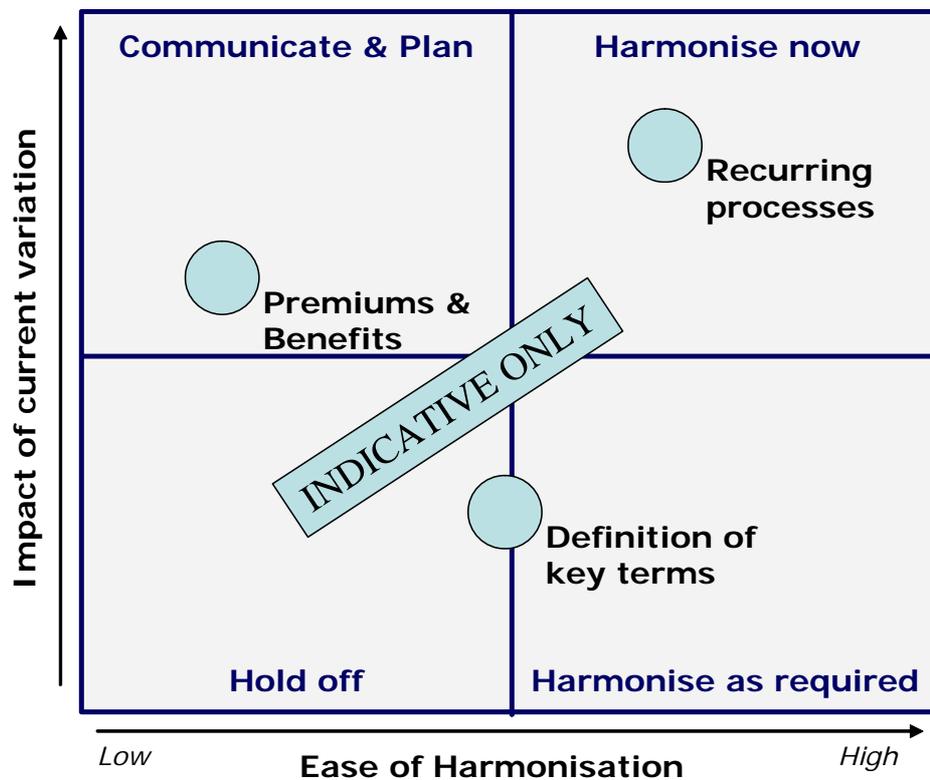


If variations fall in the bottom two quadrants of Figure 2, then it may be that these variations are merely perceived rather than real. In other words, the impact of harmonising these aspects is not as great as one first thought. The “Hold off” quadrant is where differences are difficult to harmonise, but also the impact is not great. The “Harmonise as required” bottom right quadrant is where the impact is not great, but differences are easy to harmonise. Here differences may be able to be grouped with initiatives in the top half, or delayed for the moment.

Where variations fall in the top left quadrant of Figure 2, they have large positive impact, but are more difficult to harmonise. They will need to be communicated and planned over a short and long term period. If the majority of current variations fall in the top right quadrant, then we can expect to see significant change, since they are easy to harmonise and the positive impact is great. The states will be prioritising the differences, planning the solution, developing the implementation plan and communicating with stakeholders. Where variations fall in the top right quadrant, the states are currently working together to address employer and employee needs.

Early hypothesis of “areas of variation” as raised by employers (definitions, processes, financials) suggests that the priority and opportunity for harmonisation is according to that shown in Figure 3.

Figure 3 –Priority and Opportunity for Harmonisation



Recurring processes represent the highest priority and opportunity for harmonisation in Figure 3. This has been reflected in the ‘current initiatives’ that are currently underway and are described in Section 5.1.

Definitions of key terms are described in Section 5.2. We have found that these differences are to a great extent perceived, and as such there isn’t as great an urgency to harmonise as first expected, rather the next step could be education through appropriate communication.

Premium rates and benefits coverage of the schemes is an area that is more difficult to harmonise (and in this area, one questions whether the benefits of harmonisation outweigh the potential disruption). This is also described in Section 5.2

The following sections outline the opportunities for harmonisation in more detail. These opportunities are grouped into current initiatives, discussed in Section 5.1, and future initiatives, discussed in Section 5.2.

5.1. Current initiatives

Current initiatives are defined as those dealing with items of variation between states that can be harmonised by changes to policy-driven process or format, online systems at points of interaction between stakeholders or responsibilities and accountabilities across stakeholders. Differences raised by employers during the study that fall within this category include:

- **Content and format of forms used to gather data:** state schemes could work towards generating one wage declaration form which collects essential information needed for all jurisdictions. This would significantly reduce the volume of paperwork that needs to be managed annually by employers.
- **Due dates and penalties for submitting wage declarations:** providing consistent rules and deadlines around the submission of wage declarations will allow multi-jurisdictional employers to design one process to be run once a year encompassing all state requirements relating to premium payment. This would avoid an unnecessary duplication of effort, reduce the likelihood of errors and incidence of late payment.
- **Mechanisms used for submissions:** state authorities could provide multi-jurisdictional employers with consistent mechanisms for submitting paperwork (preferably using the internet) to speed up exchanges of information and reduce processing errors caused by postal delays.
- **Consistency in communication methods:** state WorkCover authorities can work closely with agents to define consistent processes for interacting with national employers including, potentially, the design of KPIs to ensure national managers at agents have a strong understanding of variations between jurisdictions. States can also work on providing simplified communication about scheme differences in a format that multi-jurisdictional employers can readily understand. Consistency in communication may be a successful way to overcome differences which simply cannot be harmonised.

5.2. Future initiatives

Future initiatives are defined as those that encompass all differences raised by employers that would require a longer timeline for implementation due to regulatory or legislative change, physical relocation of services, the implementation of new IT systems or a change to the financial structure of a scheme, as well as changes that would require prolonged consultation with stakeholders.

Differences raised by employers during the study that fall within this category include:

- **Definitions of key terms:** any harmonisation of definition of the terms “worker”, “remuneration”, “employer” or what constitutes a compensable injury would require a change to legislation in each state. These terms are fundamental to providing a common view between jurisdictions of who constitutes a customer for workers compensation schemes. A consistent view of these terms would pave the way for other harmonisation initiatives and would impact a broad spectrum of employers.

- **Legislated content and approval requirements for wage declaration forms:** tying in closely to the definition of “remuneration” and “worker”, collecting the same information from employers and mandating identical sign-off requirements would further simplify internal processes for multi-jurisdictional employers. Payroll departments would only need to provide one (as opposed to eight) sets of information, reducing the duplication of administrative effort.
- **Employer excess:** harmonisation of excess requirements would impact all employers on every worker claim compensated. Authorities could also potentially harmonise buy-out clauses (whereby an employer can pay an additional percentage of premium to opt out of paying excess).

In addition to the opportunities for harmonisation listed above, there are several other future initiatives that would require careful consideration of the advantages afforded by a common system given the potential impacts to the stakeholders. Furthermore, addressing these differences is broader than the multi-jurisdictional employers’ primary objective of streamlining compliance requirements.

- **Weekly benefit structures:** marked differences exist between the weekly benefit amounts paid out to injured workers in each state. State WorkCover schemes have adopted different philosophies over the years in determining the duration and amount to be paid out. Such fundamental differences may be difficult to overcome due to the adverse impact that any change in benefit could have on workers or employers. If benefit structures were to change to achieve greater harmonisation, actuaries would need to undertake work to evaluate how these changes would translate to differences in future benefit amounts to be paid out to claimants.
- **Methods for calculating premium:** premium calculation in each jurisdiction is in large part dependent on the financial health of the governing state WorkCover authority. States are subject to annual variation in the amount of benefits they pay out and the outstanding claim liabilities they must support, which are funded in turn by employer-paid premiums. Premium calculation equations act as a self-adjusting mechanism to respond to the claim experience of individual employers and to assist the schemes in being fully funded.
- **Methods for estimating the cost of claims:** many standard actuarial modelling techniques for estimating the cost of claims do not determine cost estimates at the individual claim level. As a result, the actuarial community has developed statistical case estimation approaches which address several of the disadvantages of standard actuarial modelling approaches. Some states have adopted this approach or are considering adopting this approach. Employers may benefit from consistent procedures for claim cost estimation across all jurisdictions. However, harmonising this aspect of the system is not easy due to the technical subject matter and the need for consultation between the state authorities and actuaries.

6. Conclusion

Of the real and perceived differences between the state workers compensation systems, the areas that cause most difficulty for multi-jurisdictional employers are primarily administrative in nature. These areas can be categorised as premium processes and regulations, claims processes and regulations and the related submission and communication methods. There are a number of short term and long term opportunities for the states to harmonise these aspects

of the workers compensation systems without adversely affecting the tailored service currently provided to the majority of employers who are single-jurisdictional employers.

Several of the current initiatives highlighted in this paper have already been completed and implemented. As the short-term initiatives are completed, the authorities will be evaluating the future initiatives, such as those that depend on key definitions and the premium and benefit structures in each state. Input from the actuarial community will be crucial for these types of initiatives to help the stakeholders understand the potential impacts to premiums and claim costs.

In addition to reducing the administrative burden for employers, there are potential benefits for all stakeholders. For instance, the authorities would receive more timely and accurate information. Workers would experience fewer processing delays and errors in benefit payments. Furthermore, everyone benefits from the additional capacity for injury prevention in the workplace.

The states recognise the opportunities for alignment and are proactively working to define a harmonised model that supports local service in which single and multi jurisdictional employers can have the best of both worlds.

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Appendix 1: The study conducted in May 2006

In May 2006, Deloitte was engaged by a WorkCover Authority to conduct interviews with a sample of multi-jurisdictional employers from a variety of industries, ranging from labour hire to transport. Employers ranged in size from 100 to more than 20,000 employees. The purpose of the interviews was to understand the degree to which variations between state schemes caused complexity and compliance difficulties. Employers were presented with a consistent set of questions aimed at understanding which points of differences were front of mind. Thus, the review captured both real and perceived differences between states which generated frustration for employers.

While the state authorities differ in many aspects, the findings from these interviews generally relate to variations found in the core processes employers undertake for compliance. Many of the variations which were cited as creating confusion and complexity thus relate to two main processes: submitting claims and filing wage declaration forms for premiums. The review did not analyse differences which may affect other parties such as employees and agents, although both groups of stakeholders are believed to be impacted by the variations between schemes. The review did not compare individual scheme performance or address the operational effectiveness of individual state schemes.

The study concluded that there are twenty key points which cause significant confusion and complexity for workers compensation administrators. Employers were able to relate how these differences impacted them and related some of the obstacles to bridging variation.

Subsequent to this study, a first meeting was held on the 13 October 2006 by the Council for the Australian Federation, which comprises all State Premiers and Territory Chief Ministers, resulting in an agreement by the states and territories on harmonisation of workers compensation and occupational health and safety arrangements.

Appendix 2: Agreement by the states and territories on harmonisation of workers compensation and occupational health and safety arrangements

1. State and Territory Premiers and Chief Ministers recognise the importance of workers compensation and occupational health and safety arrangements for employers and employees across Australia and have agreed on the importance of harmonising key elements of their schemes.
2. This agreement is based on a previous agreement between Victoria and New South Wales to implement a ten-point action plan to harmonise their WorkCover schemes.
3. States and Territories agree to, where feasible:
 - develop uniform WorkCover claim and premium forms with common and more efficient lodgement processes
 - develop common administrative processes for premium payments and payroll declaration including payment plan options
 - establish ‘one-stop shops’ within each WorkCover Insurance Agent to service multi-state employers. Account managers will provide a single point of entry for common claims and premium estimation reports, and resolving queries
 - implement new ‘mutual recognition’ rules to enable return to work co-ordinators to work across States when supporting injured workers
 - implement new mutual recognition arrangements for construction induction cards issued in both States and adoption of the national training agenda for OHS induction training for the construction industry
 - implement mutual recognition of plant and machinery and a uniform system of accreditation of verifiers of pieces of plant and machinery
 - align regulatory approaches in domestic construction industry in collaboration with employers and unions
 - share advertising campaigns focussed on improving safety at work
 - use common guidance material for employers to help improve workplace safety and compliance with workers compensation
 - in line with the work of the Heads of Workers Compensation Authorities, implement a common ‘gateway’ analysis for employers applying for self-insurance, including the development of uniform financial indicators and a common audit tool to assess safety performance
4. Where workers compensation insurance is privately underwritten and a jurisdiction cannot commit their insurers to implement parts of the plan, the jurisdiction commits to those items that they can implement and to working with insurers to implement the intent of the remaining items so far as is practicable.
5. States and territories agree that the Council for the Australian Federation will give further consideration to the harmonisation of enforcement, compliance and administrative arrangements of workers compensation and occupational health and safety schemes.
6. States and Territories agree to establish one or more inter-jurisdictional working groups which will meet regularly to ensure efficient implementation of the actions, and to identify further opportunities to reduce the administrative workload of multi-state

employers. The working groups will seek to co-ordinate their work with relevant initiatives of the Heads of Workers' Compensation Authorities, Heads of Workplace Safety Authorities and the Australian Safety and Compensation Council.

Further Work Program on Harmonisation

State and Territory Premiers and Chief Ministers agreed to complete initial work within six months on harmonisation of the regulatory regimes for teacher registration, administration of payroll tax, and other aspects of the administration of occupational health and safety and workers compensation schemes.

Signed for and on behalf of each of the parties by:

The Honourable Morris Iemma MP)
Premier of New South Wales)

The Honourable Steve Bracks MP)
Premier of Victoria)

The Honourable Peter Beattie MP)
Premier of Queensland)

The Honourable Alan Carpenter MLA)
Premier of Western Australia)

The Honourable Mike Rann MP)
Premier of South Australia)

The Honourable Paul Lennon MHA)
Premier of Tasmania)

Jonathan Donald Stanhope MLA)
Chief Minister of the Australian Capital Territory)

The Honourable Clare Martin MLA)
Chief Minister of the Northern Territory)

13 October 2006