

10 November 2016

Ms Bridget Barrett
Acting Executive Director
Workers and Home Building Compensation Regulation
State Insurance Regulatory Authority
Level 25, 580 George Street
Sydney NSW 2000

By email: bridget.barrett@sira.nsw.gov.au

Dear Bridget

Proposed Self-Insurer Licensing Framework and Supervisory Model

Thank you for the opportunity to review and comment on PricewaterhouseCoopers' (PwC) final report *Review of the NSW self-insurance framework* and SIRA's response to that report.

Coal Services is supportive of the implementation of a tiered supervisory model for workers compensation self-insurers in New South Wales, as described in PwC's paper and agreed to by SIRA. Underpinned by the various other proposed changes to determine and monitor self-insurers' performance, particularly with regard to claims management, the new licensing framework and supervisory model is consistent with modern regulatory practice and should encourage consistently improved outcomes for injured workers employed by self-insurers.

The proposed entry and renewal licence conditions and ongoing performance monitoring, rather than the current fewer point-in-time reviews, should also help with delivering an overall higher-performing self-insurer cohort.

The change in approach to work health and safety (WHS) under the proposed framework also appears sound given PwC's finding that there was no evidence to suggest that self-insurers pose any additional WHS risk compared with other (non-self-insured) employers.

Additionally, the benefits of the more stream-lined and transparent monitoring and reporting environment proposed for implementation should provide self-insured employers with a better understanding of their own performance relative to other self-insurers and those employers insured by the Nominal Insurer – to the overall benefit of the New South Wales workers compensation system.

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Particularly it is agreed that the focus on increasing the transparency of self-insurance performance data has the potential to further strengthen the incentives for self-insurers to avoid injuries in the workplace and improve service for workers who do get injured. Coal Services is especially supportive of the proposals in several recommendations to include third party involvement in assessment of a self-insurer's performance, tier placement and/or licence renewal, including the use of feedback from injured workers, injured worker groups and employee representatives.

I note further consideration is being given to PwC's recommendations regarding the prudential requirements for self-insurers and that this issue is canvassed in SIRA's October 2016 discussion paper *Workers compensation financial and premium supervision*. As advised in my letter to you of 2 November 2016 in response to that paper, Coal Services is intending to provide a further response on issues not covered in my earlier correspondence.

Thank you again for the opportunity to comment on the proposed new self-Insurer licensing framework and supervisory model.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lucy Flemming', with a stylized flourish at the end.

Lucy Flemming
Managing Director/CEO