



20th June, 2011

The Secretary  
Senate Standing Committee on Economics  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Sir/Madam,

**Response to Inquiry into the Schedule 4 of the Families, Housing,  
Community Services and Indigenous Affairs and Other Legislation  
Amendment (Further Election Commitments and Other Measures) Bill 2011**

Please find attached the Safety Rehabilitation and Compensation Licensees Association Inc (SRCLA) submission on the above bill for the Senate Inquiry.

Should you wish to discuss these issues, I welcome the opportunity at your convenience.

Regards

Dean Stone  
President  
Safety, Rehabilitation & Compensation Licensees Association Inc.

**Response to Inquiry into the Schedule 4 of the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Further Election Commitments and Other Measures) Bill 2011**

The Safety Rehabilitation and Compensation Licensees Association Inc (Self Insurers of the Comcare scheme) welcomes this opportunity to provide a submission to this Inquiry.

We note with disappointment that the original bill and the further amendment were not part of any consultation process and thus decisions and proposals were made without proper due diligence considering the operation of Australian business, current legislative statutory requirements or the impact on the majority of people this bill will impact unfairly, our workforce.

We acknowledge that the basis of the new provisions require payers of compensation, such as insurance companies, to notify Centrelink of proposed payments of compensation. Centrelink will then use this information to determine the social security entitlements of the compensation recipient or their partner. This we are advised, would seek to reduce the risk of individuals incurring unnecessary debt to the Commonwealth and receiving income support payments to which they or their partner are not entitled. As an Association, we believe that people should be paid what they are entitled to, no more and no less. Thus, it is acknowledged that fraud is not restricted solely to overpayments.

There are a number of concerns we wish to raise:

- 1. Consultation** - Overwhelmingly our members were very concerned that such a large scale reporting requirement to Centrelink could be firstly considered in a bill, utilising insufficient consultation with insurers/stakeholders, which imposes a huge administrative impact on Licensees in Comcare. Further, that the commencement date of the Bill is 1 October 2011, leaving very little time for organisations to consider resourcing or compliance.
- 2. Increased Bureaucracy.** That we are told that the Commonwealth Government are looking to increase their workforce considerably to manage this new data process which will place considerable administrative hardship on already struggling businesses, to reduce fraudulent behaviour of less than .5% of the total benefit expenditure. It would appear that the cost of implementing this new process to save the Government money in fraud or overpayments may ultimately cost the Government much more than this cost, in administration costs alone.
- 3. Impact on timely benefits to injured workers.**  
It should be noted that the overarching point should be the relevance of the information to be provided to the Secretary of Centrelink, especially in relation to wage payments. Most employees are full-time employees and if currently in receipt of social security benefits, the benefits would be only paid after income from the employer was considered in any calculation. Any periodic weekly workers compensation payments are limited by relevant statutory legislation to the

employee's normal weekly earnings and so payments of recompense made to the employee under workers compensation would not be placing the employee in a more favourable financial position than currently assessed by the Centrelink.

Insurers manage large numbers of claims and already are under pressure with the short payment timeframes for claimants – the initially proposed 14 day notice is unworkable and would cause delays to workers and their families in receiving much needed benefits.

**4. Insufficient direction on what constitutes a payment that requires notification to Centrelink** - our members felt that clarity is required on what payments should be notified and how often, eg. each payment or only when amounts change. The Bill is not clear as to the expectations of the full range of workers entitlements that must be notified by the compensation payer to the Secretary, eg. lump sum reimbursement of out of pocket expenses.

**5. Utilise the process for improvement** - A secure electronic reporting portal is being built by Centrelink to allow reporting of payments without the need for faxing of information, and to create formal records of advice provided to Centrelink. High-volume payments (such as weekly payments and the like) may be covered via some sort of data batching arrangement. While Centrelink responses will still be faxed back, plans are being made to extend the reporting system to include electronic responses. Unfortunately there are no plans to include the HIC in this arrangement.

This should be considered to reduce red tape. Consideration should also be given to obtaining this information from state government authorities to who this information is already provided.

We advise that this Bill in its current amended form would impose unduly and unworkable hardship on Australian Businesses, especially Self Insured Licensees. Additionally and of greater concern, it will create delays in the delivery of weekly workers compensation entitlements to injured workers throughout the country, causing undue hardship on those most in need, the overwhelming majority of whom will have not sought to claim through Centrelink.

I would appreciate an acknowledgement to this response at your earliest convenience.

Regards

Dean Stone  
President  
Safety, Rehabilitation & Compensation Licensees Association Inc.