



**Queensland  
Government**

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Department of  
**Industrial Relations**

Mr Richard Selth  
Committee Secretary  
House of Representatives  
Standing Committee on Employment  
and Workplace Relations  
Parliament House  
CANBERRA ACT 2600

Dear Mr Selth

Attached for consideration by the Standing Committee, is the additional information requested from Queensland in response to the submissions by the National Meat Association of Australia. Also attached is the information requested by the Standing Committee with respect to WorkCover Queensland's Medical Section.

Should you require any further information or clarification of the content of this submission, please do not hesitate to contact Mr Paul Goldsbrough, A/Director, Workers' Compensation Policy Unit, by telephoning (07) 3234 1809.

Yours sincerely



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*14/01/2003*

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## **Response to Issues Raised by National Meat Association of Australia in Submissions to the House of Representatives Standing Committee on Employment and Workplace Relations**

### **Meat Industry**

The Queensland meat processing industry is recognised as one of the State's significant industries. To this end, workplace health and safety inspectors from the Department of Industrial Relations have been working co-operatively with the meat industry to address high risk occupational health and safety (OHS) hazards, in order to reduce workers' compensation claims and the cost of those claims.

Historically, the meat processing industry has been slow to change work practices to improve OHS outcomes. This inertia was attributed in a 1998 report, entitled *Workplace Health and Safety in the Meat Industry - Ergonomics Risk Management* (Attached), to the diversity of the industry, the size, resources and knowledge base of some smaller operations and a relatively transient workforce. Also attached for your information are:

- *Meat Processing Industry Audit Report, May 1999* – details the results of the 1999 audit which was conducted due to the industry's high workers' compensation claims experience. A total of 37 Improvement Notices and 1 Prohibition Notice were issued during the audit of 23 beef and small stock processing plants operated in the South West Region of Queensland;
- *Cattle Feedlot Industry Audit, August 2001* – details the audit results of 17 large cattle feedlots which resulted in the issuing of 194 Improvement Notices and 1 Prohibition Notice.

In addition to industry audits of OHS performance, to assist the industry address known occupational health and safety hazards and risks, the Department has worked with the tripartite Meat Industry Advisory Group to produce user-friendly guidance material including comprehensive checklists for OHS that enable the user to identify hazards, assess risks and undertake audits. The *Workplace Health and Safety Beef & Small Stock Processing Guide* is also attached for information.

While there has been an increased awareness of known hazards and risks in the industry, the injury rate remains unacceptably high.

### **WorkCover Queensland**

One of WorkCover's stated goals in its corporate plan is to maintain a financially viable fund, balancing the needs of injured workers and employers. The achievement of this goal was demonstrated by both injured workers and employers satisfaction scores, as measured by independent market research, reaching the highest level ever in 2002 (75.9 and 77.4 respectively).

Q-COMP the workers' compensation regulatory service regulates WorkCover as well as self-insurers in Queensland. Approximately 85% of the scheme's claims are managed by WorkCover, with the remaining 15% of claims managed by self-insurers.

## **Claims Decision Making Process**

For a claim on the WorkCover Queensland Scheme to be made, WorkCover must receive a claim form from both the injured worker and the employer detailing information about the injury. This allows information to be sighted from both parties at the initial stage of the claim. Should an employer not be supportive of a claim, there is scope on the employer's claim form to detail their concerns.

WorkCover has systems and resources with the appropriate skill sets in place to investigate any issues raised. The claim decision making process involves communication with employers about any issues highlighted on their claim form. It is the practice of WorkCover to discuss with the employer why certain investigation actions have or have not taken place. WorkCover acknowledges that it has strong powers under the Act relating to investigation but at the same time it must ensure that it adopts a balanced approach regarding the depth of a particular investigation i.e. the nature of the investigation must match the evidence supporting the action taken. It is for this reason that at times WorkCover can be open to criticism.

Any decision that WorkCover makes (e.g. to accept, reject, cease or suspend a claim) must be balanced and be in accordance with the Act, Regulations and Court precedent so that should the decision be challenged via referral to the review unit of the independent regulator, Q-COMP, the WorkCover decision has a high probability of being upheld.

Q-COMP's review unit received 2,095 applications for review regarding claims decisions in 2001/02. This represents only 2% of all claims lodged in the scheme. Of all review determinations, less than 30% are overturned.

## **Medical Issues**

The WorkCover Queensland scheme allows the injured worker to be treated by a medical practitioner of their choice. Where information is reported to WorkCover about the unusual medical management of a claimant, steps are taken to investigate the issues raised including referral to a specialist for an independent assessment.

WorkCover has a Medical Unit staffed by trained professionals to assist in the investigation of these matters. WorkCover has an established network of doctors (External Medical Officers) across the state who assist the claims management process by their weekly file review sessions with staff in WorkCover's offices. They also perform independent examinations and reports on selected claimants. Medical issues raised by employers at any stage of the claims process are generally raised with the External Medical Officer on their next visit. External Medical Officers have received extensive and ongoing training on the Queensland workers' compensation system.

Under the legislation, all return to work programs must be approved by the treating medical practitioner. To facilitate this process, Case Managers are encouraged to hold case conferencing meetings with the treating doctor. This is particularly beneficial with complex claims when used in the early stages of the claims process.

Q-COMP has developed a General Practitioner Education Training Program which explains the workers' compensation system and their role as the treating practitioner. The course highlights important parts of the legislation and the requirements on doctors relating to operational issues including the issuing of medical certificates. To date a number of training sessions have been conducted in South East Queensland with a proposed rollout to the rest of the state during 2003. Feedback from doctors who have attended sessions has been very positive. Q-COMP is happy for both WorkCover Queensland and self-insurers to participate in these training forums. WorkCover Queensland has treated this as another opportunity to build appropriate working relationships with Queensland medical practitioners.

The applicability of accreditation of providers including medical practitioners is currently being investigated by Q-COMP to ensure that insurers have access to rehabilitation providers who meet a minimum level of qualification and an understanding of workers' compensation legislation/administration and rehabilitation. Factors being taken into consideration include:

- the large regional and often isolated areas within Queensland (ease of access to providers for injured workers anywhere in the State is important)
- other workers' compensation jurisdictions who have implemented accreditation
- the role professional associations play in ensuring the skill of providers
- the costs of administering the scheme
- whether accreditation will improve outcomes i.e. provide better quality service, not just compliance with administrative requirements.

Queensland's medical and provider costs are kept relatively low through the use of a scheme wide table of costs set and monitored by Q-COMP. The table prescribes all fees to be charged as well as other treatment requirements.

### **Rehabilitation/return to work focus**

WorkCover Queensland is committed to returning as many injured workers as is possible back to work. Our preferred position is to return an injured worker back to their pre-injury role. Case Managers are charged with this responsibility and in addition have assistance from Return to Work Case Managers to achieve this aim. If for some reason the pre-injury role is not available (or is not appropriate for a suitable duties program), host employment options are investigated involving the Case Manager, Return to Work Case Manager, injured worker, employer and treating medical practitioner.

The process involves early detection through discussion with the injured worker and their employer if there is likely to be a potential job loss situation. WorkCover actively encourages the employer to ensure that the injured worker's job will be available to them after appropriate rehabilitation. External market research has shown where job loss occurs, there is a significantly increased potential for the injured worker to lodge a common law claim.

Through the above process, WorkCover is able to test an injured workers commitment to their rehabilitation and return to work program. For appropriate reasons, WorkCover has suspended injured workers' benefits due to their lack of participation

in rehabilitation. Any decision to suspend benefits must be in accordance with the Act.

### **Risk management strategies for fraud detection**

As part of the ongoing management of a claim, checkpoints have been built in to minimise the risk exposure. This essentially involves file reviews from a number of different perspectives. It also involves being receptive to new information which might become available and to perform appropriate investigations having regard to the substance of the information.

### **Common Law**

Only 3% of statutory claims eventuate as common law claims where employer negligence must be proven. Common law claims are more costly on average than statutory claims but legal costs and outlays account for only 16% of the total cost of WorkCover's common law claims i.e. 84% of payments are made to the injured worker.

WorkCover has focussed in recent years of customer service delivery for both injured workers and employers throughout the common law process. Initiatives include:

- Introduction of a standard customer communication plan that obligates WorkCover staff to ensure minimum standards of customer interaction throughout the claim cycle. Where appropriate, this plan is modified in consultation with the policyholder.
- All policyholders are encouraged to attend settlement conferences. WorkCover values the attendance of the employer as it provides them with an opportunity to have input to negotiation strategies and witness the negotiation process. The learning gain for the employer can be a valuable exercise particularly when issues of liability are discussed and negotiated.
- Preferred lawyer arrangements are used by many of our policyholders in the meat industry. Generally these lawyers have a particular expertise in the industry and have an intimate knowledge of system of work issues that relate to the claims under management.
- WorkCover's case management structure has been refined to include industry specialists. This, coupled with the preferred lawyer arrangements, provides expert case management with an intimate understanding of industry specific issues.
- The recent procurement of factual investigators has resulted in improved investigation reports necessary to maximise the effectiveness of case management. WorkCover has in the case of a plant closure funded the cost of a detailed factual investigation in the event of future claims.
- WorkCover is pro-actively investigating claims identified as potential common law claims during the statutory claims phase. The early investigation of these claims provides a better platform for our defence once a claim is lodged.
- There are three current claims where injured workers have failed to become involved in rehabilitation programs where WorkCover has issued a notice under section 275 of the Act. Whilst this does not remedy liability on the claim, it puts WorkCover in a position to reduce damages through settlement negotiations.

There are a number of policyholders in meat industry that pro-actively assist WorkCover in the management of claims. Typically these businesses:

- Have adequate prevention and risk management strategies in place.
- Have safe systems of work fully documented
- Have excellent training programs in place
- Appear to have contemporary human resource practices that develop a sound work culture.

There are some policyholders that rarely assist WorkCover in the defence of claims. Key problems include:

- Poor attitude towards factual investigators including, on occasion, demanding to be present when witness statements are taken. This is obviously inappropriate and detrimental to the management of the claim.
- Lack of attendance at settlement conferences.
- Refusal to attend trial as witnesses.
- Poor attitude towards their workers. Some employers maintain that all claimants are fraudulent.
- Poor human resource practices. Some policyholders will terminate the services of plaintiffs after the claim has finalised. This practice has caused plaintiff lawyers to factor this in to the settlement amount as future economic loss. WorkCover is frequently blamed for not mitigating loss on these claims.

Q Fever is the most common occupational disease of livestock handlers and animal product processors in Australia. The disease is usually acquired by inhalation of contaminated aerosols resulting from contact with animals, mainly cattle, sheep and goats infected with the causative agent: *Coxiella burnetii*. Q-Fever is not separately identified by WorkCover or in the scheme wide statistics collected. It is coded with all zoonosis diseases. Scheme wide in 2000/01 there were nine common law claims lodged for zoonosis recorded and in 2001/02 there were 13 claims. The majority of people with Q-Fever have a short illness similar to a bad cold but a few go on to develop complications e.g. liver inflammation or heart valve damage.

### **Premium**

WorkCover Queensland Industry Classifications (WIC's) are based on the Australian and New Zealand Standard Industry Classification System. WorkCover Queensland uses approximately 570 WIC codes, with each code having its own industry rate, represented as an amount per \$100 wages.

The industry rate for meat processing in Queensland is \$8.631 per \$100 wages, and is the second lowest of all workers' compensation authorities in Australia. Industry rates are determined on an annual basis and are calculated using the total experience of the particular industry. In this way, industry rates are indicative of the general experience of an industry. The industry rate over the last six years has been relatively stable, as can be seen in the following table:

1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02
8.770	8.122	8.495	8.847	8.631	8.631

The industry rate is used to calculate an employer's premium rate, however there are other components to consider. An employer's premium rate is derived through the Experience Based Rating (EBR) formula. The EBR formula uses an employer's individual history as well as that of the industry. The premium rate paid by businesses that have just started employing is the Industry rate for their particular industry. This is because the business has insufficient experience to use in the EBR formula.

An individual sizing factor for each employer is incorporated into the EBR formula to determine the weighting given to the employer's own claims experience and that of the industry. The sizing factor is based on the wages paid and the WIC rate. Sizing factors vary from as low as 2% to almost 100%. The smaller the employer will equate to a lower sizing factor. The lower the sizing factor the less weighting to the employer's own experience. This limits large premium variations for small employers. Larger employers have a higher sizing factor which means more emphasis is placed on their own claims experience when calculating their premium rate. This provides incentives to reduce claims cost.

After the end of each financial year, WorkCover calculates a premium for each employer based on the actual wages paid (declared by employers on the annual Wages Declaration form). This is known as the assessed premium. It is calculated by multiplying declared wages by the employer's premium rate.

WorkCover Queensland's premium system, like all insurance, is based on a sum insured (wages). It can be misleading to quote the dollar premium paid as an indication that the premium system is wrong because a business with rapidly increasing wages should expect to have a rapidly increasing premium.

Individual premium rates will lie between 15% of the industry rate up to a maximum of twice the industry rate.

In 2000-2001 businesses in meat processing declared wages of approx. \$214M and assessed premium of approx. \$16.7M (an average of \$7.80 per \$100 wages). There were only ten employers whose premium rate was above the industry rate and only one employer had the cap of twice the industry rate (ie. \$17.262 per \$100 wages) applied.

The premium raised by the scheme each year is calculated to pay for the ultimate cost of injuries that will be incurred in that year. It will take a number of years for these costs to be known. The only way to accurately calculate the ultimate cost is to use the prior history of injury costs of each employer as the basis.

**SUBMISSION TO HOUSE OF REPRESENTATIVES  
WORKERS' COMPENSATION**

**MEDICAL SECTION OVERVIEW**

**Structure**

Three full time members of staff located at the Brisbane Office:

- Principal Medical Officer;
- Senior Medical Administrator and
- Medical Administrator.

**Primary functions**

- Advice on policy and strategy to senior management;
- Provision of advice on medical related matters to all levels of the business;
- Coordination of a network of External Medical Officers;
- Act as a bridge between WorkCover and the medical profession;
- Dealing with Ministerial enquiries and complaints about medical practitioners;
- Advice on complex claims as required;
- Involvement in education of staff and providers and
- Running special projects that enhance the business.

**External Medical Officers**

A network of predominantly general practitioners and some occupational physicians across the State who provide independent medical input into claims by a mixture of:

- Face to face discussions with staff in WorkCover offices;
- Complex file reviews and
- Physical examinations in their rooms to assess claimant progress or levels of permanent impairment.

External Medical Officers provide medical input but do not decide claims. They do not treat as this is regarded the province of the claimant's preferred treating medical practitioner.

**Education**

Internally by:

- Involvement in formal education training;
- Regular presentations in Brisbane analysing claims processes or with specialist presentations;
- Attendance at staff meetings to discuss complex claims;
- Individual case manager discussions;

Externally by:

- Individual or group meetings with practitioners and

- Involvement in the Q-COMP GP education strategy.

### **Provider contact**

A mixture of regular and ad hoc arrangements:

- Attendance at meetings with professional groups and associations;
- Face to face, letter or telephone either by request of the staff or practitioners themselves.

### **Special Projects**

#### Pre-booked independent psychiatry appointments.

Established to make access to independent psychiatry opinions much easier. Over 100 of the State's psychiatrists have had training to understand WorkCover processes and have agreed to pre-book appointments. These are booked centrally from WorkCover offices and this arrangement is very efficient for all parties

#### Plans for 2003

- Computerised booking system for independent psychiatry examinations
- Planning to extend booking arrangements to orthopaedic bookings
- Strengthening links to practice staff
- Enhancing communication between claims staff and doctors, particularly general practitioners. This will be achieved by an extended programme of visits to offices where individual claims staff are taken on visits to local practitioners, partly for mutual education and partly for setting up durable and efficient communication links.