



SISA Update February 2016

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Changes at RTWSA

- Greg McCarthy to retire late 2016
- Rob Cordiner (current GM Insurance) to take over as CEO
- Michael Francis to be GM Insurance
- Julia Oakley (currently GM Corporate Services) to be GM Scheme Improvement and Regulation

Proposed changes to Code

- Increase min guarantee from \$840K to \$4.5m:
 - Would require an amended regulation (Schedule 3 clause (6)), so is subject to disallowance
 - Based on what SISA sees as very poor reasoning
 - Would cause serious financial damage to some members
 - Fund is already far better protected than any other:
 - 200% scaling factor on guarantees
 - EOL reinsurance
 - \$50 million in insolvency aggregate

Proposed changes to Code

- The reasons make no sense at all:
 - Catastrophic injury claims somehow create increased risk under RTWA due to lack of ability to redeem medicals
 - How would they know how SIs would deal with such claims? This is guesswork disguised as prudence!
 - Service standards create increased risk
 - We will see what Wayne Lines says about that!

Proposed changes to Code

- Employee head-count:
 - Is a poorly disguised blunt instrument to choke off self-insurance
 - Unsustainable argument that employee numbers ensure proper resourcing of claims management
 - Statements that a self-insurer with a small claim portfolio will cut RTW resources & breach Act by non-payment - insulting and fly in the face of history
 - Regardless of the rationale, such a policy is unlikely to be found lawful if it is used to justify rejection

Proposed changes to Code

- The results of this irresponsible attack:
 - RTWSA might gain a 2%-3% increase in premium income – a drop in the ocean
 - Level of self-insurance might drop by a similar margin – big deal!
 - Scheme no better protected
 - In return – risk of plant closures, offshoring, job losses
 - Is SA really open for business??
 - Likely to be some media interest and possible reputation damage – SISA can't control that

Proposed changes to Code

- Situation as it stands:
 - Meetings held with Greg McCarthy and Michael Francis – plenty of fencing but not much agreement
 - SISA has asked for Board's detailed reasoning – actuarial, financial advice so we can respond
 - Doubt that it even exists
 - RTWSA suggesting there might be a negotiated solution; but -
 - SISA will not negotiate to the detriment of its members or their workforces

Proposed changes to Code

- Situation as it stands (cont)
 - Proposed meeting with the RTWSA Board mid-March
 - Letters from members outlining damage gone to MIR, Treasurer, other Ministers, RTWSA
 - Member MDs & CEOs meeting with MIR, Board Chair etc
 - Need as many getting active as we can get
 - We can win if pressure is sufficient
 - Media has the story

Proposed changes to Code

- Observations
 - Management says it is all driven from the Board
 - That would be remarkable – an artful dodge?
 - If the ‘experts’ giving the advice are also Board members, they are conflicted
 - Things have been as is for decades. Why ‘fix’ it?
 - Only case of loss caused by insolvency – O’Connor Engineering (late 80s) - before guarantees
 - Financial incentives didn’t work so out come the blunt instruments!

Return to Work Act 2014

- *Walmsley* (s.18(3)) trial still under way
- Otherwise still not much by way of precedents
- New decision published - *RTWSA (Scania Australia Pty Ltd) v Juett [2016] SAET1*
- Medical-only claims cease benefits in June
- Ongoing high levels of redemption activity by RTWSA
- Still no news re the ATO position on income redemption

Other news

- *Occupational Licensing National Law (South Australia) Repeal Bill* – part of a COAG decision to abolish the national licencing regime and seek a less restrictive system. Tabled 11/2/16
- Parliamentary Standing Committee on OHS & Rehab is examining the industrial manslaughter Bill – TOR on SISA website

Other news

- Issue with SA Police has been resolved via changes to the enterprise agreement
- That was always the smart way. EBAs and awards exist to differentiate working conditions between occupations
- Presumably the Bill will be withdrawn
- But the genie is out of the bottle



"Lists...lists..."



SISA news

- In planning for 2016 awards – on-line nominations will open early March
- Closing the Loop planning well advanced, excellent sponsorship response this year
- Website – still looking to expand the FAQs. Please provide issues that may generate new questions
- Influx of new associate members - 6 since December

Questions?

