

# LICENSEE HANDBOOK

January 2012



Australian Government

Comcare



Australian Government

Safety, Rehabilitation and  
Compensation Commission

PUTTING YOU *FIRST*

## Purpose of the Licensee Handbook

This handbook has been designed in consultation with licensees to provide them with general information to support them in meeting their conditions of licence.

The information contained herein is by no means a comprehensive or complete catalogue of requirements and does not constitute a legal document. The Licensee Handbook is intended as a broad, summary level guide designed to direct readers to more detailed sources of information and to provide answers to some frequently asked questions.

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## Version control

Version Number	Date	Description
1.1	January 2012	First revision

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# INTRODUCTION

## THE COMMISSION

The Safety, Rehabilitation and Compensation Commission (the Commission) is a statutory body with regulatory functions in relation to Comcare and other authorities which determine workers' compensation claims under the Commonwealth scheme.

The Commission administers the regulatory functions of the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act). It also has regulatory functions under the *Work Health and Safety Act 2011* (WHS Act).

The Commission seeks improvement in occupational health and safety (OHS), rehabilitation and workers' compensation in the Commonwealth jurisdiction by:

- > setting targets to improve health and safety standards in the workplace
- > monitoring performance in relation to OHS, rehabilitation and compensation
- > providing advice to the Minister on issues relating to improving OHS, rehabilitation and workers' compensation.

More information about the Commission, its role, members and activities is available online at [www.srcc.gov.au](http://www.srcc.gov.au).

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## COMCARE

The SRC Act also establishes Comcare which has its own regulatory and claims management functions.

Comcare works with the Commission to ensure the effective operation of the Commonwealth scheme. It achieves this through the regulation of:

- > OHS under the WHS Act
- > rehabilitation and compensation under the SRC Act.

The Commonwealth self insurance scheme is administered by Comcare through a regulatory framework consisting of three key components:

- > Auditing—assessing the occupational health and safety, rehabilitation, claims management and data quality performance of licensees through management system audits.
- > Prudential and financial monitoring—reviewing and analysing prudential and financial information and requirements for financial security (guarantees).
- > Regulatory review—assessing the degree to which licensees meet their conditions of licence through the annual Licensee Improvement Program (LIP).

These components are part of an ongoing process of capturing and reporting on licensee performance. Information from the three components is provided to the Commission annually, generally at the June Commission meeting. This information is presented in the form of a LIP report (see page 10). This report assesses the level of regulatory oversight required by Comcare. This level of regulatory oversight is defined by the Tier Model (see page 11).

More information about Comcare, its role, vision and activities is available online at [www.comcare.gov.au](http://www.comcare.gov.au).



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## LICENCE

### CONDITIONS OF LICENCE

A self insurance licence sets out the conditions licensees must meet to remain compliant with the Commission's requirements of self insurance. The conditions of licence are made up of general, prudential, and special conditions of licence. It is crucial that licensees refer to their licence regularly to remind themselves of their self insurance responsibilities.

The self insurance conditions of licence require compliance with the SRC Act and WHS Act. A licensee is subject to audits, WHS interventions and other evaluations and is required to meet financial, prudential, and performance reporting requirements as part of the conditions of licence. The Commission expects licensees to continuously improve their OHS, rehabilitation and claims management performance outcomes, to comply with licence conditions and to meet performance standards of licence.

Specific conditions of licence may relate to the exclusion of particular operations performed by a licensee. Because of potential concerns over particular operational activities, the Commission may decide to exclude certain operations, worksites, activities or even groups of employees from being covered under the licence.

The prudential conditions of licence ensure that a licensee has the ability to pay its workers' compensation liabilities (see page 17).

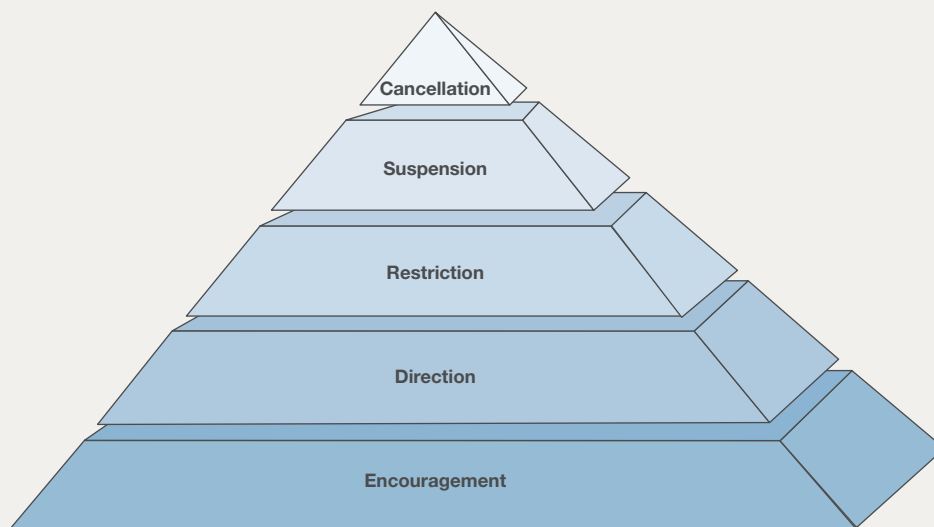
For more information on licence conditions, please refer to the *Self Insurance* section on the Commission's website at [www.srcc.gov.au](http://www.srcc.gov.au).

### POLICY ON REVOCATION AND SUSPENSION OF LICENCE

Section 106 of the SRC Act gives the Commission a broad power to revoke or suspend a licence where it considers it appropriate to do so. The Commission endorsed *Policy on revocation and suspension of a self insurance licence* outlines a set of staged responses the Commission should consider prior to revoking or suspending a self insurance licence. The staged responses are:

A copy of the *Policy on revocation and suspension of a self insurance licence* can be found through the Publications section at [www.srcc.gov.au](http://www.srcc.gov.au).

It is also open to the Commission to determine the duration of a licence. In exceptional circumstances, the Commission may consider issuing or extending licences for a shorter period of time than the standard term.



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## THE REGULATORY MODEL

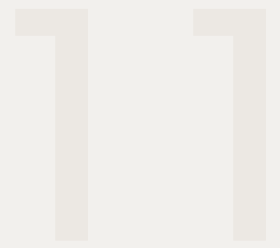
### LICENSEE IMPROVEMENT PROGRAM (LIP)

The overall objective of the LIP is to provide a regulatory framework for managing self insurance arrangements under the SRC Act. This allows Comcare to link the level of regulatory oversight to performance, focus on a holistic approach to performance evaluation, and drive continuous improvement.

The LIP involves the annual performance evaluation of licensees with respect to their:

- > compliance with the conditions of licence
- > reporting against the Determining Authority Key Performance Indicators (DAKPIs)
- > internal and external audit outcomes (including any desktop reviews) across the prevention, rehabilitation and claims management functions, as well as data quality
- > OHS performance and the outcomes of any WHS interventions
- > provision of an annual LIP report by each licensee.

Comcare will undertake an assessment of the licensee's performance for the period, taking into consideration all of the above factors and make a recommendation to the Commission, to either support or not support a licensee's tier level request (see page 11). In some instances, Comcare may recommend moving a licensee down to a lower tier on any or all of the three functions. Where Comcare does not support a licensee's tier level request, Comcare will discuss this directly with the licensee before finalising its recommendation to the Commission.



The Commission will review the LIP assessment compiled by Comcare for each licensee at its June meeting each year, after which each licensee will be advised of the outcome.

### **What is required of a licensee submitting a LIP Report?**

The LIP report provides the Commission with an overview of key activities undertaken and outcomes achieved by the licensee during the previous 12 months. The LIP report should also contain details of the licensee's objectives for the forthcoming period, as this provides the Commission with a certain level of assurance of a licensee's commitment to continuous improvement. The LIP report is also the medium for a licensee to provide support for its request to either stay at or move up a tier level for each of the respective functions—prevention, claims management and rehabilitation.

All licensees are required to submit a LIP report to Comcare by 31 March each year. Comcare will contact licensees prior to this date reminding them of the LIP report requirements, and the due date for submission to Comcare, and will provide a current template to be used for reporting.

Comcare will undertake a preliminary review of each licensee's LIP report and will contact the licensee directly to request additional information should there be any deficiencies identified.

### **TIER MODEL**

The Tier Model prescribes a ranking to each licensee's prevention, rehabilitation and claims management functions based on their capacity to meet the Commission's requirements and effectively self-manage each function (see Figure 1). The tier level of each function determines whether Comcare:

- > undertakes an external audit of a licensee (Tier 1)
- > undertakes a desktop review of a licensee's own internal audit outcomes (Tier 2)
- > grants a licensee self audit status (Tier 3).

Essentially, the Tier Model is used to assess the degree of regulatory oversight required by Comcare of the licensee's claims, rehabilitation and prevention management systems. Tier levels apply independently to each function. That is, a licensee could be at Tier 1 for prevention, Tier 2 for claims management and Tier 3 for rehabilitation.

A licensee can apply to move up a tier level for a particular function through their annual LIP report if they feel that they have met the requirements for tier movement.

**Figure 1—Tier Model**

<b>Tier 1 (Elementary level)</b>	<b>Tier 2 (Secondary level)</b>	<b>Tier 3 (Advanced level)</b>
<ul style="list-style-type: none"> <li>&gt; Focus is on compliance through the establishment of policies, procedures, resources and management systems.</li> <li>&gt; Generally applies to new licensees, licensees with a newly contracted claims management service provider, licensees experiencing difficulties in compliance or licensees choosing to remain at this level.</li> <li>&gt; Comcare external audits each year.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Focus is on development of quality assurance and self audit capabilities.</li> <li>&gt; Applies to compliant and conformant licensees who are developing strong management systems and who may wish to seek self audit status in the future.</li> <li>&gt; Comcare assesses the quality of the licensee’s audits each year through a desktop review.</li> <li>&gt; Comcare external audits in last year of licence.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Focus is on positive and material corporate change in injury prevention and injury management.</li> <li>&gt; Applies to licensees with a high standard of internal quality assurance and strong management systems.</li> <li>&gt; Licensees must have self audit status to be at this level (Executive Summaries of audits provided to Comcare for review).</li> <li>&gt; Comcare external audits in last year of licence.</li> </ul>

## AUDIT REQUIREMENTS

From Comcare's perspective, there are two types of audits—external audits conducted by Comcare and internal audits conducted, reviewed and monitored by licensees. The conditions of licence require licensees to conduct annual internal audits of their claims, rehabilitation and prevention management systems, irrespective of what tier level a function is at. In addition to this, Comcare conducts external audits of all licensees with Tier 1 functions and all licensees in the last year of their licence.

### EXTERNAL AUDITS

The purpose of an external audit is to monitor conformance and enhance the effectiveness of management practices. A management system audit is a systematic, independent and documented process for obtaining evidence and evaluating it to determine whether audit criteria are fulfilled. All licensees in Tier 1 are externally audited by Comcare every year. All licensees in the last year of their licence (regardless of tier level) are also externally audited.

Audit details, such as dates, locations and timeframes, will be arranged by Comcare in consultation with the licensee. Factors affecting timeframes include the size of the organisation and the number of active claims and rehabilitation files to be audited. For licensees with a contracted claims manager, the expectation is that the licensee will be responsible for communicating and coordinating audit schedules with the contracted claims manager.

Prevention audits usually consist of a review of the documented management system at the corporate head office and then a review of the implementation of the prevention management system at a number of sites. The number of sites depends upon the licensee's risk profile and the number of full time equivalent (FTE) employees. In terms of audit scope, 100 per cent of the criteria of the National OHS Audit Tool (NAT) Commonwealth will be applied to the organisation unless there are exceptional circumstances or it is a follow up audit looking specifically at non-conformances identified at a previous audit.

Claims and rehabilitation management system audits usually consist of a review of the documented management system at the corporate head office and then a review of a sample of claims and rehabilitation files. Interviews with staff may also be conducted.

It is not compulsory for a licensee to complete the audit workbook before an audit—however, Comcare recommends that licensees are well prepared for the audit and have evidence organised and available for viewing. This makes the process more efficient for both the organisation and the audit team —this can save time during the audit. To assist with preparation for the audit, workbooks and user guides provide relevant examples of evidence for each criterion.

Prevention audits are undertaken by accredited OHS auditors who are members of Comcare's OHS auditing panel. Claims and rehabilitation management system audits are conducted by qualified Comcare personnel.

Ongoing feedback is usually provided during an audit with the auditors giving more formal verbal feedback on the organisation's performance at a close out meeting on the last day of audit. It is recommended that licensees have key personnel sit in on this meeting. The auditors will then provide the organisation with a draft report for comment. This generally occurs within 15 working days of the completion of the audit. Following further consultation, a final copy of the report will be issued.

Licensees are required to submit a Corrective Action Plan to Comcare that addresses non-conformances and observations identified at the audit. The plan should include completion and review dates and should identify who is responsible for each criterion.

Copies of the audit tools, workbooks and report templates can be found on the Commission's website at [www.srcc.gov.au](http://www.srcc.gov.au).

### DATA QUALITY AUDITS

Data quality audits assess the accuracy of data submitted to the Commission Data Warehouse (CDW) by checking a minimum of 270 data items across 50 possible data fields. The accuracy of data is critical as it is used for assessing performance against the Commission's Performance Indicators, and as part of the Comparative Performance Monitoring data provided to Safe Work Australia by each Commonwealth and state or territory regulator. Each determining authority is required to be audited by Comcare at least once every two years or annually if circumstances require it. The audits are completed by the end of March each year to allow for the outcomes to be reported to the Commission's meeting in June.

### INTERNAL AUDITS

The conditions of licence require licensees to conduct annual audits of their claims management, rehabilitation and prevention management systems, irrespective of what tier level a function is at. The results of these audits must be provided to Comcare in a timely manner. As with the external audits, the results of internal audits are provided to the Commission in the LIP reports and are taken into consideration as part of the tier movement process.

For claims and rehabilitation audits, licensees must use the Commission approved claims and rehabilitation audit tools.

For prevention audits, licensees are strongly encouraged to use the Commission approved National OHS Audit Tool (NAT) Commonwealth (NAT Commonwealth) however they may use another Commission approved audit tool. Where licensees decide to use their own tool they must provide a gap analysis mapping their audit tool against the NAT Commonwealth to satisfy the Commission that their tool meets the NAT Commonwealth requirements. Internal OHS audit reports should be submitted using the NAT Commonwealth reporting template.

### Submission of internal audit reports by licensees

The submission of audit reports differs according to a licensee’s tier level across each function. The figure below is an explanation of the type of reports required and Comcare’s review process.

**Figure 2—Internal audit reporting requirements**

Tier 1 functions	Tier 2 functions	Tier 3 functions
<ul style="list-style-type: none"> <li>&gt; Licensees with functions in Tier 1 are audited by Comcare.</li> <li>&gt; Licensees conduct full internal audits across all functions that are in Tier 1 and submit the full audit reports and corrective action implementation plans to Comcare.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Licensees with functions in Tier 2 are developing strong management systems and self-monitoring programs for continuous improvement.</li> <li>&gt; The licensees are required to submit full audit reports and corrective action plans to Comcare for desktop review.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Licensees with functions in Tier 3 have satisfied the Commission that they are competent in self-monitoring and self-auditing for continuous improvement.</li> <li>&gt; They are required to submit the executive summaries of their audit reports annually to Comcare.</li> </ul>

## Who can conduct internal audits?

### Claims and rehabilitation audits

All licensees' auditors in claims management and rehabilitation must have knowledge of the SRC Act and Regulations, have relevant experience and be independent of the area being audited. There are presently no formally recognised accreditation standards for auditing these functions. A number of licensees have contracted external auditors to perform their internal audits. Feedback on these audit reports is provided from Comcare to the licensee and not the contracted auditors.

### Prevention audits

Persons selected as health and safety systems auditors should have the relevant technical knowledge as well as training and understanding of auditing techniques. This includes technical competencies in health and safety. Internal OHS auditors should have relevant tertiary qualifications, OHS auditor training and at least one year's experience in an organisation in the same or similar industry. External auditors should have relevant tertiary qualifications, OHS auditor training, a minimum of five years work experience with at least three years experience in an OHS role and experience in conducting at least four audits totalling not less than 20 days on site within the last three years. Personnel undertaking audits must be independent of the area(s) being audited.

Like the claims and rehabilitation management systems audits, a number of licensees contract external auditors to perform their internal OHS audits.

Copies of the audit tools, workbooks and report templates can be found on the Commission's website at [www.srcc.gov.au](http://www.srcc.gov.au).

# FINANCIAL AND PRUDENTIAL REQUIREMENTS

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## PRUDENTIAL CONDITIONS OF LICENCE

The financial and prudential conditions of licence require the licensee to assess its workers' compensation liabilities annually and make arrangements to ensure that it is able to pay its current and future liabilities.

### **Liability report**

Licensees are required to arrange an actuarial assessment of current and projected outstanding workers' compensation liabilities on an annual basis. The outcome of the actuarial assessment, the liability report, determines the guarantee amount required by the licensee. It must be prepared in accordance with, and submitted to the Commission at the time specified in, the prudential conditions of licence. After the liability report has been reviewed by Comcare, on behalf of the Commission, a guarantee must be obtained for the amount equal to or greater than that specified in the liability report.

The Commission has the discretion to submit any liability report for peer review and can request the licensee to obtain a second liability report.

## Guarantee

A guarantee under the prudential conditions of licence is a deed between the Commission, Comcare and a bank or insurer for an amount that can be called upon by the Commission in the event a self insurance licence is suspended or revoked. The amount of the guarantee would be used to pay out any workers' compensation entitlements payable to the employees of a licensee in these cases.

As a guarantee does not have an expiry date, it generally remains in force until it is replaced by another guarantee. Therefore, if the guarantee amount specified by the actuary in the liability report is greater than the guarantee held by Comcare, a new guarantee must be obtained by the licensee. If, on the other hand, the guarantee amount specified by the actuary has decreased, the licensee may seek to replace the guarantee for a lower amount, noting that the minimum amount for a guarantee is \$2.5 million.

The licensee must provide the guarantee to the Commission by the timeframe specified in the prudential conditions of licence. However, prior to this occurring, licensees should provide a draft of the proposed guarantee which has been drafted by the bank or insurer to Comcare for review. Once cleared by Comcare, a Comcare representative will either attend the issuer's office in Canberra to collect the guarantee (and hand back an existing one if in place), or an issuer's representative will attend Comcare's Head Office. The licensee is to arrange an exchange time and date with Comcare prior to the exchange or ask that the bank or insurer contact Comcare directly.

To ensure that the guarantee is in the form agreed to by the Commission, the guarantee must:

- > follow the required template (as provided by Comcare)
- > be on the bank or insurer's letterhead (at least the first page)
- > be obtained from a bank which has a credit rating of, or equivalent to, Standard and Poor's AA group or better, or
- > be obtained from an insurer which has a Standard & Poor's AA group or better issuer credit rating as well as a Standard & Poor's AA group or better issuer financial strength rating
- > be obtained from a corporation that is authorised by the Australian Prudential Regulatory Authority (APRA) to carry on banking/insurance business.

A copy of the Power of Attorney as signed under the guarantee must also be provided, along with a letter confirming that the attorney signing on behalf of the bank or insurer has been appointed under that Power of Attorney.

## Reinsurance policy

Licensees must maintain a reinsurance policy (also known as an 'excess of loss') to limit their liability to pay compensation for any single event. A single event may be a catastrophic event that results in a number of claims, or a workplace incident that becomes a high cost claim. Once a claim from an event reaches the reinsurance retention threshold, the company can then call in the reinsurance policy and recoup the money associated with that claim from the reinsurer. It should also be noted that many policies require companies to alert the reinsurance company prior to the threshold being reached. Reinsurance policies are generally for a period of 12 months.

Licensees are to obtain a reinsurance policy for the excess amount that has been set by the Commission with an insurance company granted an authority to carry on insurance business by the Australian Prudential Regulation Authority under the *Insurance Act 1973*. The reinsurance policy must be provided to the Commission within seven days of being issued.

The Commission, when determining the excess amount, will have regard to the maximum excess amount recommended by the actuary in the liability report as well as the actuary's assessment of the financial capacity of the licensee to meet amounts, from the balance sheet, up to the excess amount recommended by the actuary. Where a licensee seeks to increase the excess amount at a later stage, it must seek the prior approval of the Commission.

### **Yearly accounts**

All licensees must lodge a copy of their financial statements/yearly accounts with the Commission. For most licensees, these must be provided within seven days of the organisation (or its parent entity) having to lodge them under the *Corporations Act 2001* or Australian Stock Exchange listing rules.

The purpose of providing the financial statements to the Commission is to ensure that the licensee has made provisions in its accounts for its workers' compensation liabilities. Licensees must make provisions in their accounts that are consistent with the actuary's evaluation of current and non-current workers' compensation liabilities in the liability report.

### **Licensee certification**

An annual letter must be addressed to the Commission signed by the Principal Officer of the licensee (considered the highest position in the company e.g. CEO/MD) certifying that the actuarial assessment has been made in accordance with the licence conditions, a provision has been made in the accounts for meeting the estimated liabilities, and that the licensee has the capacity to meet any single claim up to the reinsurance retention amount.

### **Parent/cross guarantees**

Where a licensee has a parent or cross guarantee that is written into their prudential conditions of licence, the licensee must inform the Commission immediately of any changes to the parent or cross guarantee.

## **FINANCIALS**

As part of the requirements of holding a licence, a licensee must demonstrate sound current and ongoing financial viability. Due to the long-term nature of workers' compensation liabilities it is necessary to look beyond the licensee's current financial position and consider how the corporation is likely to perform over a longer period. Under the Commission endorsed Financial Assessment and Monitoring Framework, licensees are subject to ongoing financial monitoring and may be subject to an annual financial desktop review. Both of these services are provided by an independent panel of financial experts.

## **Financial monitoring**

The regime of continuous financial monitoring consists of analysis of financial information that is in the public domain, such as through the media and ratings agencies. Quarterly reports are prepared by a panel member and provided to Comcare.

## **Annual desktop review**

An annual desktop review is carried out for all licensees that do not have a Standard and Poor's (or equivalent Moody's) rating of at least BBB+. The process takes place following the receipt of the licensee's yearly audited financial reports. Should the desktop review affirm the licensee's capacity to meet the Commission's financial requirements, no further action will be required.

If the desktop review indicates areas of concern, particularly if the licensee may be unable to continue to meet the Commission's financial requirements, Comcare may require further information to be provided by the licensee, including a financial forecast.

## **Standard and Poor's rating**

Where a licensee participates in comprehensive assessments by Standard and Poor's, the Commission has agreed that licensees are to supply this information in lieu of the desktop review. However, where the licensee does not achieve at least the BBB+ rating ('adequate capacity to pay') or where there is a marked deterioration in the rating compared to that for the previous year, the licensee may be required to provide additional financial information and a desktop review may be undertaken.

Licensees who are not subject to the annual desktop review are still subject to continuous quarterly monitoring through media and ratings agencies.

## **TRUST AND BENEFICIARY ACCOUNTS**

Section 110 of the SRC Act requires the 'relevant authority' to invest money held for the benefit of a person under a legal disability. Usually the circumstance is the investment of a lump sum payment held in trust for the dependants of a deceased employee.

Licensees are required to make their own arrangements for the investment of trust monies, as set out in section 110(2) of the SRC Act. This may involve establishing a trust account for this purpose, or utilising other providers such as State Trustees.

Decisions relating to disbursements of trust monies at the request of a guardian prior to the beneficiary ceasing to be under a legal disability are not made under any provision of the SRC Act, but rather, are at the discretion of the trustee.

## REPORTING REQUIREMENTS

### GENERAL

The conditions of licence require that a licensee must notify Comcare in writing immediately when it becomes aware:

- > that it has not complied with, or is not likely to comply with, a condition of licence
- > of any event that may materially impact upon its suitability to hold a licence, including its capacity to meet its liabilities under the SRC Act or of any material change in its financial position
- > of any changes to its legal structure, ownership or control
- > of any significant change in its employee numbers or significant change in the risk profile of the work undertaken by its employees.

Licensees should also notify their Comcare Account Manager as soon as there is a change to their Principal Officer or self insurance contact.

## ACQUISITIONS AND MERGERS

A licensee must also notify Comcare as soon as it:

- > acquires another company and intends on transferring the employees of that company to the licensed company, or
- > merges with another company and intends on transferring the employees of that company to the licensed company.

While the Commission has no part to play in the normal commercial decisions of corporations in regard to mergers and acquisitions, there are nevertheless implications for the Commission's regulatory oversight of such events. For instance, a licensee may acquire an entity with a new and high risk area of operations which has implications for the Commission and Comcare in terms of the regulatory framework and operational capacity.

In instances where new employees are being brought under a self insurance licence as a result of an acquisition/merger/restructure, licensees are required to provide information about their rights and obligations under the legislation prior to them becoming employees, or as soon as practicable afterwards (through an induction process). Guidance material on this process can be obtained via the licensee's Account Manager.

### Acquisition and merger process—Step 1—Notification

The licensee must notify its Account Manager of its intention to transfer employees of another company to the licensed company.

### Acquisition and merger process—Step 2—Review of eligibility

Comcare will obtain information from the licensee about the operation and activities of the business being acquired, the number of employees to be transferred, the intended date of the transfer and how the licensee intends to continue to meet the conditions of licence upon transfer of the employees. Comcare will contact the Department of Education, Employment and Workplace Relations (DEEWR), to review the acquisition and assess whether the intended transfer meets eligibility requirements.

### Acquisition and merger process—Step 3—Comcare assessment

If DEEWR affirms that the acquisition fits eligibility requirements, Comcare will assess the impact the transfer will have on its capacity to regulate the licensee under the conditions of its licence and identify any additional resource requirements. Additional information may be required.

Comcare's regulatory response plan may include:

- > an updated financial viability assessment
- > the provision of a new liability report, bank guarantee and reinsurance policy
- > additional audits
- > additional and/or varied licence conditions
- > development of new regulations, codes of practice and/or guidance material.

## REVIEWS AND PROCEEDINGS

The conditions of licence require that licensees must inform Comcare as soon as practicable of court or tribunal proceedings in relation to a claim managed by a licensee under the SRC Act. The licensee must not make any submission to a court or tribunal in relation to the interpretation of a provision of the SRC Act that Comcare or the Commission requests the licensee not to make.

## DATA REPORTING REQUIREMENTS

The Commission seeks improvement in OHS and workers' compensation by monitoring performance and setting performance targets in relation to occupational health and safety, rehabilitation and compensation. Clause 18 of the licence conditions requires licensees to report certain workers' compensation and other data to Comcare on a regular basis.

### Data Warehouse

The primary vehicle for the collection of workers' compensation data from licensees is the data warehouse. Licensees are required to report unit record data of claims activity on a monthly basis.

A copy of the latest version of the Data Warehouse Specifications is available from Comcare.

## Determining Authority Key Performance Indicators (DAKPIs)

The performance of each licensee is assessed against a set of indicators (the DAKPIs), which incorporate measures of prevention, rehabilitation and claims management performance. This information is analysed by Comcare and reported to the Commission on a quarterly basis. Comcare also provides each licensee with a summary of its performance against the DAKPIs on a monthly basis. The DAKPIs are calculated from data supplied to the data warehouse and other data supplied by licensees. The Commission sets performance targets against the DAKPIs, based on a common set of target setting principals, for each licensee.

## OHS PERFORMANCE AND INJURY NOTIFICATION RESPONSIBILITIES

Comcare is responsible for monitoring and evaluating licensee compliance with the WHS Act and related Regulations. Investigations, inspections and a range of other measures may be undertaken to check compliance with the WHS Act and Regulations or where an incident has been notified. Comcare Account Managers monitor the outcomes of WHS interventions involving licensees; this information is a factor in the annual evaluation of licensee performance, in particular the tier level for prevention.

**COMCARE  
INVESTIGATOR**

## REPORTING AN INJURY OR ILLNESS

Licensees must notify Comcare of notifiable incidents arising out of the conduct of the business or undertaking. If an incident meets the notification criteria, employers must notify Comcare regardless of whether a claim for compensation can be made. The obligation to notify rests with the employer and the responsibility and management of notification must be decided by each employer.

A notifiable incident is:

- > the Death of a person;
- > the Serious Injury or Illness of a person; or
- > a Dangerous Incident.

Notifiable incidents must be notified immediately once the licensee becomes aware. Notifications must be given by the fastest means possible by either phone on 1300 366 979, fax or email.

*Notification Decision Flowchart*—for incidents that occurred on or after 1 January 2012 may be used as a guide when deciding when to notify Comcare of a work-related incident. This flowchart is available through the Comcare website at [www.comcare.gov.au](http://www.comcare.gov.au).

The *Incident notification form* (both online and written) is available through the Comcare website.

If you are unsure whether a specific incident is notifiable, we urge you to call Comcare's OHS Hotline on 1300 366 979 to seek clarification. For more information on employer responsibilities for incident notification visit the Comcare website [www.comcare.gov.au](http://www.comcare.gov.au).

## LICENCE FEES

Section 104A of the SRC Act provides for the payment of a licence fee at the date of licence commencement and every 1 July thereafter. The licence fee is the amount estimated by the Commission to represent the cost incurred by it and Comcare in carrying out their respective functions under both the WHS Act and the SRC Act that is reasonably referable to the licensee.

The SRC component of the licence fee is calculated to individual licensees on the basis of:

- > a flat fee component
- > licensee specific costs (Activity Costs including audits etc) based upon the level of regulatory oversight to be applied to each licensee
- > an amount determined by the number of full-time equivalent employees of each licence.

The WHS component of the licence fee is calculated to individual licensees on the basis of:

- > a base fee
- > a support fee
- > an assurance fee.

The base and support fees are based on FTE numbers.

The *Cost recovery impact statement* for the regulation of self insurance licensees is available through the Comcare website.

## LICENCE VARIATIONS

Under Section 105 of the SRC Act the Commission may, at the written request of the licensee, vary the scope of the licence. Examples of variations include contracting to or changing the contracting of a claims management service provider, change of reviewer (where reconsiderations are performed outside of normal claims management arrangements) and change of registered company name where the ABN number is retained.

The Commission has endorsed a policy whereby if a licensee chooses to change its claims management service arrangements, the licensee will remain at its current tier for claims management and must provide Comcare with a detailed transition plan which includes:

- > the proposed timing
- > a proposed resourcing plan
- > IT management/system issues
- > the projected impact on performance
- > any other relevant matters.

Comcare will also undertake an external audit of the licensee's claims management function, including data quality, 12 months after it has changed its claims management service provider arrangements. This audit is undertaken irrespective of the tier level of the licensee's claims management function, with the additional cost to be included in the licence fees for that self insurer.

Any request for variation must set out certain relevant information including consultation with affected employees, such as providing an information pack to affected employees. Comcare will prepare a covering paper to go to the Commission for any request for licence variation. Once endorsed by the Commission and signed by the Chairperson the licence variation will be gazetted.

In some circumstances the licensee may seek to vary the scope of the licence concerning employees to be included or excluded from that licence. This is often as a result of acquisitions and mergers (see page 22).

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## LICENCE EXTENSIONS

### LICENCE EXTENSION PROCESS

Under section 105 of the SRC Act the Commission may, at any time while a licence is in force, on the written application of the licensee, extend the term of the licence. The Commission endorsed *Policy on extension of a self insurance licence* outlines the broad steps the Commission may take in considering to extend a self insurance licence. Essentially, the Commission must be satisfied that:

- > the applicant has sufficient resources to fulfil the responsibilities imposed on it under the licence
- > the applicant has the capacity to ensure that claims will be managed in accordance with standards set by the Commission for the management of claims
- > the grant of the licence will not be contrary to the interests of the employees of the licensee whose affairs fall within the scope of the licence
- > the applicant has the capacity to meet the standards set by the Commission for the rehabilitation and occupational health and safety of its employees.

The *Policy on extension of a self insurance licence* can be found at [www.srcc.gov.au](http://www.srcc.gov.au).

Licence extensions are generally granted for a period of four years. It is open to the Commission to extend a licence for a lesser period in exceptional circumstances. Up to 12 to 18 months prior to the end of the current licence, Comcare will commence discussions regarding the preparation required by the licensee for the licence extension application process. The initial conversations will involve:

- > the increased cost of licence fees in the last year of licence—this is required to cover the cost of external audits across all three functions to be conducted by Comcare and Comcare consultants in the final year of licence,
- > the scheduling of audits across the three functions, and
- > discussion around issues that may require consideration prior to submission of the licence application.

The licensee is required to submit a licence extension application and any supporting documentation, such as evidence of consultation with employees, 12 weeks prior to the Commission meeting at which the application will be considered. The application for a licence extension should be accompanied by information prescribed by the regulations. The information resembles that required for a licence application. However, the amount of information required to be submitted by a licensee for a licence extension is significantly less as much of the information is already in Comcare's possession.

The licensee will be given the *Application for Licence Extension* and the *Examination by Comcare of Information and Documentation Relevant to an Application for Licence Extension* forms to complete. Licence extension applications should be addressed to the Chairman of the Commission and lodged with the licensee's Account Manager.

It is important that licensees consult with their employees about their intention to extend their self insurance licence. Examples of evidence could include, but are not limited to, written notices to employees or employee representatives of the intent to apply for licence extension, any written responses to notices and any minutes of any consultative meetings with employees.

Licensees with contracted claims management service providers should ensure that a contract is in place for the service to coincide with the commencement of the new licence period.

The application will then be registered on the Commission's website. This is essential to ensure an open and transparent process and to enable third parties, such as any relevant unions, the opportunity to express views regarding the licence extension application to the Commission.

## EVALUATION OF LICENCE EXTENSION APPLICATION

The licence extension application will be evaluated by Comcare on behalf of the Commission and its content verified against the template, the licensee's performance in the period leading up to the extension, and the content of the LIP report lodged with Comcare that year. Following this evaluation, Comcare prepares a paper for the Commission setting out its evaluation of the licence extension application and making recommendations for the Commission's consideration.

The Commission endorsed *Policy on extension of a self insurance licence* outlines the steps the Commission may take in considering extending a self insurance licence—available through the Comcare website.

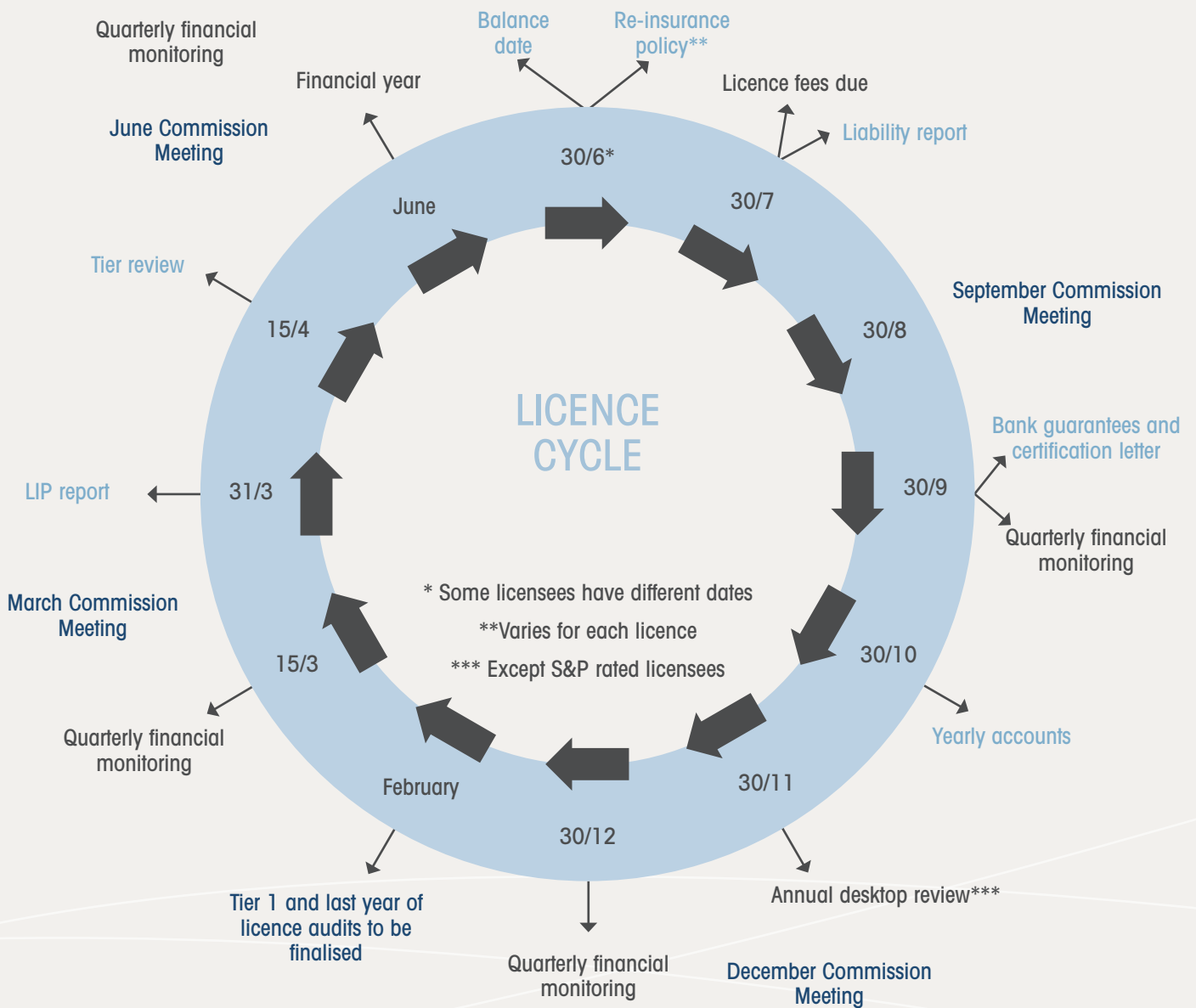
The Comcare Account Manager will advise the licensee's key contact of the recommendation being made to the Commission. Following the Commission meeting, a letter containing the outcome and the extension notice is signed by the Chairperson of the Commission and sent to the licensee's Principal Officer.

## LICENCE EXTENSION FEES

While section 105 of the SRC Act does not require payment of a licence extension fee, the cost of the licence extension process is met by increased annual licence fees paid by licensees in the last year of licence. These additional costs reflect the audits that are undertaken by Comcare for the Commission and Comcare's costs in analysing the licence extension application.

## LICENCE CYCLE

The following diagram provides a general snapshot of a licensee's regulatory responsibilities over the course of the year



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ADDITIONAL INFORMATION



## SELF INSURANCE MATTERS

### Relationship Coordination

The first point of contact for any concerns is the licensee's Account Manager in Comcare's Relationship Coordination team. Alternatively, licensees can phone 1300 366 979 for assistance.

Information on Comcare's self insurance scheme is available at Comcare's website [www.comcare.gov.au](http://www.comcare.gov.au), and through the *Self Insurance* page on the Commission website [www.srcc.gov.au](http://www.srcc.gov.au).

### LICENSEE COMCARE CONSULTATIVE FORUM (LCCF)

The Licensee/Comcare Consultative Forum (LCCF) is one of the established mechanisms for communication between licensees and Comcare. Forums are generally held following the quarterly meetings of the Commission to allow discussion of meeting outcomes and for Comcare to seek input from licensees on future Commission meeting agenda items.

The LCCF is also used to identify and discuss particular items or issues relating to the regulation of self insurance. This may result in additional meetings with licensees and/or the establishment of working parties to progress such matters. The LCCF provides a networking opportunity for all licensees.

## OTHER SECTIONS OF COMCARE

To contact other sections within Comcare phone 1300 366 979 and ask for the relevant section.

## IMPORTANT RESOURCES

A range of helpful resources and guidance material, including Jurisdictional Policy Advices, fact sheets, publications and research reports, is available through the *Forms & Publications* page of the Comcare website [www.comcare.gov.au](http://www.comcare.gov.au).





PUB 86 (January 2012)