



**Australian Government**

**Safety, Rehabilitation and  
Compensation Commission**

# Licence Compliance and Performance Model

Version 10 – December 2023

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# 1. Purpose

This document sets out the Safety, Rehabilitation and Compensation Commission's (SRCC) objectives and principles guiding its regulation of self-insured licensees. This includes the SRCC's approach to monitoring self-insured licensees through licence commencement / on-boarding phase of transitioning into the scheme and then, after an initial two-year period, the ongoing regulation of an established licensee. This includes monitoring licensee:

- compliance with its conditions of licence
- performance against the standards set by the SRCC in the areas of claims management, rehabilitation and prevention.

## 2. Background

The *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) provides a workers' compensation scheme for Australian Government agencies and self-insured licensees granted a licence by the SRCC.

In 2014, the SRCC undertook a review of its model for oversight and regulation of self-insured licensees. As a result of the review, the SRCC agreed the revised oversight and regulation model set out in this document.

This document has been developed to replace all policies, procedures and model documents previously used by the SRCC and to provide a single document, setting out the entire oversight and regulation model of the SRCC for use by Commissioners, Comcare, self-insured licensees, potential licence applicants and other interested parties including health and safety representatives and unions.

### Roles of the SRCC

The roles of the SRCC under the SRC Act and the *Work Health and Safety Act 2011* (WHS Act) can be described as:

- ensuring, as far as practicable, there is 'equity of outcomes' resulting from administrative practices and procedures used by Comcare and a licensee in the performance of their respective functions
- the issuing authority and regulator of self-insurance licences under the SRC Act (includes the setting of licence fees)
- an entity able to issue guidelines to Comcare or licensees about their (Comcare or the licensees) powers and functions
- an entity providing guidelines on the setting of premiums and a review point (if required) for employers' premium and regulatory contribution determinations
- providing a forum for consultation between Comcare and persons conducting businesses or undertakings (PCBU), workers and the bodies that represent them on WHS Act matters
- providing advice to the Minister about the operation of the SRC Act or the powers and functions of the SRCC and on the administration and the most effective means of giving effect to the objects of the WHS Act, and
- an entity able to do anything necessary or convenient to do in the performance of their functions under the legislation.

Items to note from the SRCC's role.

- The SRCC is not the regulator of rehabilitation under the SRC Act (see the role of Comcare below), however the SRCC is required to satisfy itself that:
  - licence applicants have the capacity to meet the standards set by the SRCC for the rehabilitation of the applicant's employees
  - the applicant will, if licensed, meet the standards set by the SRCC for rehabilitation of the applicant's employees.

Apart from its function to act as a forum on work health and safety matters, the SRCC has no powers under the WHS Act and is not a regulator under that legislation (see the role of Comcare below) however the SRCC is required to satisfy itself that:

- Licence applicants have the capacity to meet the standards set by the SRCC for the prevention of injury, illness or disease the applicant's employees.

Therefore, there is no direct line of responsibility from the SRCC to non-licensee employers in the Comcare scheme under the current role except as part of a second review of a premium determination (for premium paying employers) or as part of a forum for consultation between Comcare and PCBU's, workers and the bodies that represent them under the WHS Act.

The SRCC makes its decisions and takes actions in relation to the granting and ongoing management of self-insurance licences under Part VIII of the SRC Act.

Legally, the SRCC forms part of the Commonwealth.

The SRCC is not covered by the *Public Governance, Performance and Accountability Act 2013* (that is, the SRCC is not a non-corporate Commonwealth entity or a corporate Commonwealth entity).

## Roles of Comcare<sup>1</sup>

The roles of Comcare under the SRC Act and the WHS Act can be described as:

- Regulating PCBU's and workers in the WHS Act jurisdiction (includes functions of information sharing, advice and fostering relationships between duty holders, workers, and their representatives).
- Claims and liability management for premium paying employers in the workers' compensation scheme established under the SRC Act (including the setting and collecting of premiums). This incorporates Comcare's role as an insurer and fund manager given it has the power to apply these premiums to meet Comcare's liability and claims management costs.
- Regulating rehabilitation and rehabilitation program providers for use in the workers' compensation scheme established under the SRC Act, encompassing premium-paying employers and licensees.
- Undertaking and promoting research for rehabilitation and work health and safety (including the publication of research and data) across Comcare's functions under the SRC Act and WHS Act. Note: Comcare has powers related to cooperating across different organisations and sharing information.
- Setting and collecting regulatory contributions for participants in the workers' compensation scheme under the SRC Act and the WHS Act jurisdiction, other than for licensees.
- Supporting the SRCC in its functions under the Acts and in relation to licensees (covering application, approval, relationship management, ongoing review of compliance with licence conditions and the collection of licence fees).
- Promoting and providing education services relating to the SRC Act and the WHS Act.
- Advising the Minister about Comcare's functions and powers under the SRC Act and the operation and effectiveness of the WHS Act.

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<sup>1</sup> Comcare's role in supporting the Seacare Authority or in asbestos related claims has not been covered in this document.

## Roles relating to self-insured licences

### The SRCC

The SRCC is the issuing authority and regulator of self-insurance licences under the SRC Act. The SRCC can do anything necessary or convenient to do in the performance of this function under the legislation.

### Comcare

Under the SRC Act, Comcare provides support to the SRCC for its functions relating to self-insured licensees (covering support for processes including application, approval, relationship management, ongoing review of compliance with licence conditions and the collection of licence fees).

### Self-insured licensees

Under the SRC Act self-insured licensees are required to:

- pay compensation or other amounts under the Act and make those payments accurately and quickly to their employees who are injured
- determine claims accurately and quickly and to take all necessary action in respect of the subsequent management of those claims
- maintain contact with the SRCC and with Comcare to ensure that, as far as practicable there is equity of outcomes resulting from administrative practices and procedures used by Comcare and the licensee in the performance of their respective functions
- do anything and to meet any obligation, the doing or meeting of which is incidental to the performance of their authority to pay compensation or other amounts or manage claims under the Act and that would be required of Comcare (as claims manager for the Australian Public Service) if Comcare had responsibility for the performance of the functions; and
- comply with the conditions to which the licence is subject including any performance standards set by the SRCC.

# 3. Key documents overview

The diagram below sets out the framework for the self-insurance licensee oversight and regulation functions of the SRCC.



A standard licence template including conditions the SRCC may impose is at **Attachment A**.

## 4. SRCC objective and principles

The SRCC's objective in performing its oversight and regulation of self-insured licensee functions under the SRC Act is:

**To have optimal processes and tools through which the SRCC can fulfil its obligations for proper and effective oversight of licensees.**

To achieve this objective, and in line with Australian Government policy, the SRCC has established the following principles.

### 1. Continuous improvement and building trust

The SRCC is committed to continuous improvement and building and maintaining trust with all stakeholders.

To achieve this the SRCC has committed to being:

- Accountable — explaining decisions and providing avenues for feedback, complaints or appeals which are responded to in a timely fashion.
- Flexible — encouraging flexibility to achieve outcomes, including an integrated approach to work health and safety, rehabilitation, and claims management.
- Consistent and proportionate — ensuring that decision making is consistent and proportionate considering the particular circumstances.
- Lawful — requiring compliance with relevant laws.
- Transparent — ensuring that regulatory decisions demonstrate balance, impartiality, and integrity.
- Cost effective and efficient — ensuring that regulation is necessary and that it is delivered in the most effective and efficient manner.

### 2. Risk-based and data driven

The SRCC recognises the importance of regulation being risk-based and data driven. The SRCC has committed to the following to achieve this:

- A systems-based approach to regulation — applying a flexible, consistent, and proportionate systems-based approach directed to the attainment of desired outcomes, rather than meeting specified process requirements.
- Data driven — using available data to monitor performance and support regulatory decision making.

### 3. Collaboration and engagement

The SRCC acknowledges that regulators need to be transparent and responsive, implementing regulation in a modern and collaborative way. To achieve this, the SRCC will be:

- Contemporary — reviewing, monitoring, and updating policies and practices, including clearly defined corporate governance arrangements, to ensure the regulatory framework remains contemporary and relevant.
- Consultative — encouraging effective consultation and collaboration with, and participation by, all stakeholders which includes workers and their representatives.

## 5. Oversight and Regulation Model

The diagram below sets out the SRCC's oversight and regulation model for self-insured licensees. Note: the first column (column A) is not covered in this document as it is covered in separate licence application and assessment documents and policies.

|   |  |   |
|---|--|---|
| <p><b>A: Entry Requirements for New Applicants</b><br/>(pre-licence)</p> <ul style="list-style-type: none"> <li>Legislated eligibility requirements</li> <li>Assessed on its merits including the corporation's proven ability to meet the SRCC's performance standards through: <ul style="list-style-type: none"> <li>Evidence of compliance in state or territory WHS, Rehabilitation and Compensation laws</li> <li>Performance in claims management</li> <li>Performance in WHS</li> <li>Performance in rehabilitation</li> <li>The existence or development of robust management systems</li> <li>High level of corporate commitment</li> </ul> </li> <li>Evidence of consultation with employees and their representatives</li> <li>The applicant will be able to self-evaluate their current abilities and future capacities against the <b>SRCC's Performance Standards</b> prior to lodging an application</li> </ul> | <p><b>B: Developing/Transitioning Phase</b><br/>(licence commencement/ on-boarding)</p> <ul style="list-style-type: none"> <li>Applies to new licensees who are transitioning into the scheme</li> <li><b>Two-year period</b> from licence commencement in which to work with Comcare and the SRCC to develop the necessary systems and frameworks required to meet the SRCC's performance standards</li> <li>After two years, is an Established licensee.</li> <li>A licensee in the Developing/ Transitioning Phase is able to assess its performance progress against the <b>SRCC's Performance Standards</b></li> <li><b>Extensive reviews</b> in Years one and two, including a Data Quality Review in Year two</li> <li>Results of NAT audits are assessed against the measures for developing licensees</li> <li>LKPI3 and LKPI4 targets set according to methodology for developing licensees as directed by the SRCC from time to time</li> <li>Concerns regarding performance will be considered by the SRCC as and when they occur and may require a regulatory response</li> </ul> | <p><b>C: Established Licensee</b><br/>(ongoing)</p> <ul style="list-style-type: none"> <li>Required to <b>maintain</b> the <b>SRCC's Performance Standards</b></li> <li>Expected to maintain high standard of internal quality assurance and robust management systems</li> <li>Concerns regarding performance will be considered by the SRCC as and when they occur and may require a 'regulatory response'</li> <li>An Established Licensee is able to assess its performance against the <b>Performance Standards</b></li> <li><b>Scheduled reviews</b> in Years two and six of an eight year, licence (if and as required)</li> <li>Results of NAT audits are assessed against the measures for established licensees</li> <li>LKPI3 and LKPI4 targets set according to methodology for established licensees as directed by the SRCC from time to time.</li> </ul> |
|---|--|---|



The SRCC considers self-insured licensees work through two phases during the eight-year licence period.

1. The **developing/transitioning phase** (the time immediately following the initial granting of a licence and up to two years into the total licence period).
2. The **established licensee phase** (the time following the developing / transitioning phase of the licence and the time following any extension of licence beyond the initial granting of licence).

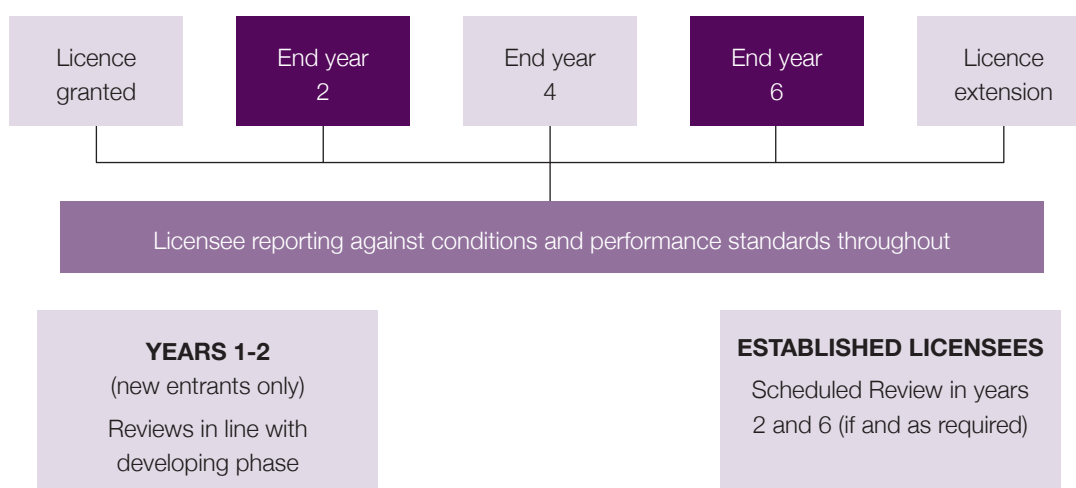
In both phases, licensees are required to comply with their licence conditions and achieve results that meet the performance standards and measures set by the SRCC.

The **developing/transitioning phase** involves licensees participating in, and being subject to, reviews in this initial period of licence to ensure that a licensee can meet the conditions of licence and performance standards set by the SRCC. The SRCC uses this initial period to determine whether any additional conditions or requirements should be placed on a licensee. The SRCC may choose to lessen the extensive reviews in the developing / transitioning phase where a licensee can evidence strong, consistent results against compliance and performance requirements.

The **established licensee phase** is designed for those licensees who are consistently compliant with licence conditions and meeting performance standards. A scheduled review may be conducted at the six-year mark of the licence period and years two and six of an extension, to further test a licensee's compliance and performance.

In both phases, the SRCC can, at any time, determine that due to compliance reporting or performance results that a regulatory response is required. The status of a licensee (that is, what phase it is in) does not inhibit the SRCC from taking action to address a compliance or performance issue.

The diagram below reflects the standard timeline for a new licence and the different phases.



Note: a licence extension for a further eight years will allow for a review at the two-year and six-year marks if deemed required by the SRCC.

## 6. Licence condition compliance

### The SRCC's power to grant licences and set licence conditions

Under the SRC Act, the SRCC may grant a licence to entities enabling them to accept liability for, and/or manage workers' compensation claims for their employees included in the scope of the licence.

The SRCC uses a template licence document to do this. The licence sets out:

- the scope of the licence (to cover all or some of its employees)
- general conditions of licence
- prudential conditions of licence
- any other special conditions of licence the SRCC considers appropriate for a licensee.

The SRCC's power to issue licences and other ancillary powers are set out in Part VIII of the SRC Act.

### How do licensees comply with their licence conditions?

Generally, licensees comply with the conditions of licence by producing information, material, or products at set times, or by ensuring its organisation does something by a set time.

The table below sets out the conditions of licence, what a licensee must do to comply with the licence conditions and the frequency of actions.

| Condition                 | What the licensee must do   | Frequency   |
|---------------------------|---|---|
| <b>General conditions</b> |   |   |
| Communication             | Evidence communication with employees about SRC Act coverage and WHS Act coverage (where relevant). Refer to 'Attachment M — Policy on the provision of information and consultation requirements — guidance for licensees' | Annual certification and at time of: <ul style="list-style-type: none"><li>• Licence variation request (such as any consolidation, amalgamation, acquisition or merger, change in claims manager or administrator)</li><li>• Licence extension application; or</li><li>• Voluntary licence revocation</li></ul> |
| Directions of SRCC        | Comply with any directions of the SRCC  | Annual certification  |
| Requirements              | Comply with relevant legislation, and subordinate legislation   | Annual certification and assessment under performance standards   |
| Fees                      | Pay licence fees and other fees in accordance with set timeframes   | Annual and as needed  |
| Manner of managing claims | Manage claims in accordance with licence condition  | Annual certification  |
| Management systems        | Cooperate and assist any review and evaluation of the licensee's management systems, and report to the SRCC on the maintaining of the management systems  | Full internal audit outcomes to be provided within 6 weeks of completion and annual reporting   |

| Condition  | What the licensee must do  | Frequency   |
|--|--|---|
| Reviews and proceedings                                      | <ul style="list-style-type: none"><li>• Inform Comcare as soon as possible of court or tribunal proceedings</li><li>• Not make submissions in proceedings that Comcare or the SRCC requests they not make</li><li>• Provide Comcare information about proceedings as requested</li></ul> | Monthly reporting and as needed   |
| Failure to comply with conditions or change in circumstances | Notify Comcare as soon as practicable of certain events or likely events   | As needed   |
| Information recording, retrieval, and reporting requirements | Provide certain information in timeframes required. Refer to 'Attachment N — Guidance — Licence condition on information recording, retrieval and reporting requirements'  | Monthly information and otherwise as needed   |
| Prudential conditions  |  |   |
| Liability report   | Comply with requirements of these conditions and provide liability reports and other prudential reporting as it relates to the licensee to Comcare by specified dates  | Annual or as required e.g. as a result of an acquisition or merger there is substantial change in full time equivalent (FTE) employees. |
| Yearly accounts  |  |   |
| Guarantee  |  |   |
| Reinsurance  |  |   |
| Deed of guarantee  |  |   |
| Performance conditions                                       |  |   |
| Performance conditions                                       | Comply with the performance standards and measures and any targets set by the SRCC for performance   | Ongoing   |

Note: The table sets out the standard conditions and licensees can be subject to special conditions particular to the licensee at any time.

## Monitoring compliance

Comcare provides support to the SRCC under the SRC Act. On behalf of the SRCC, Comcare receives information, material or products from licensees, or otherwise monitors a licensee's compliance with its licence conditions. Comcare's Self Insurance team perform this function.

Items that require annual certification by licensees will be reported on as part of each licensee's annual Licensee Compliance and Performance Improvement (LCPI) Report (previously known as LIP Report) to be provided to the SRCC. The template LCPI report is at **Attachment B**. Historically, LCPI Reports have been provided by 31 March each year however, the SRCC or licensees may request a different annual reporting cycle, noting that it is at the discretion of the SRCC to endorse the request.

For reviews conducted for developing/transitioning phase licensees against licence conditions, or where established licensees are subject to a review, these reviews are provided to Comcare for inclusion in reporting provided to the SRCC. Copies of the reviews are available to Commissioners once finalised.

The SRCC has agreed a prudential and financial framework (refer **Attachment C**) for assessing compliance with the prudential licence conditions. Note that licensee prudential and financial performance is assessed as part of the SRCC's performance standards.

Comcare assesses or records the licensee information, material or actions and reports to the SRCC annually, quarterly or on an as required basis in line with the table above.

Comcare reports on licensee compliance with licence conditions in the report format set out at **Attachment D** to this document. The SRCC can request extra information or source documents used by Comcare to complete a report at any time. The SRCC is bound by 'confidentiality of information' requirements in all information that it collects.

## Non-compliance

Where Comcare, in its support role of the SRCC, detects that a licensee is non-compliant with its licence conditions, it will advise the licensee that it is required to resolve the issue in a timely manner. Non-compliances will be reported to the SRCC at its quarterly meetings or otherwise as appropriate, e.g. if a major breach occurred, it would be reported to the SRCC immediately. If the non-compliance cannot be resolved; the same or a related non-compliance is detected for two or more consecutive relevant periods (a relevant period refers to the frequency of compliance required (e.g. as needed, monthly, quarterly or annually); or there is a trend of non-compliance generally, Comcare will report the situation to the SRCC for action or potential regulatory response (refer section 8).

Licensees will be given the opportunity to respond or provide further information to the SRCC as part of Comcare's report.

## 7. Licensee performance standards and measures

The SRCC sets performance standards and measures as a base level of performance and encourages improvement in the claims, rehabilitation, and prevention performance of licensees. The SRCC has set performance indicators across several areas for licensees to meet. Targets can be used by the SRCC to further encourage improvement in licensee performance.

**The SRCC's performance areas and indicators, how they are measured, and the frequency of measurement**

[illegible]

| Endorsed Success Factors  | Performance Indicators  | Method of assessment/data or information provided   | Provided by      | Frequency   |
|---|---|---|------------------|---|
| <b>LEGISLATIVE AND LICENCE COMPLIANCE</b><br>Compliance with legislation and regulation* by self-insured licensees<br><br>*The Licensee must comply with the requirements of:<br>a) The SRC Act, its Regulations, and any applicable guidelines issues by the SRCC under section 73A of the SRC Act that are registered<br>b) Any applicable laws of the Commonwealth, States or Territories with respect to the safety, health and rehabilitation of employees, with a particular focus on the statutory requirements for genuine consultation with employees and their representatives<br>c) The relevant Privacy legislation | Licensees meet legislative and licence compliance   | <b>Assessed by:</b><br>1) Annual Licensee Compliance and Performance Improvement assessment including licensee certification<br><br>Data or information provided: <ul style="list-style-type: none"><li>• Licensee Compliance and Performance Improvement Report</li><li>• Governance documents internal to the licensee</li><li>• Information provided by any relevant regulators</li><li>• Any other source of legislative compliance of licensees obtained by the SRCC</li></ul> | Licensee         | As informed Annual  |
|   |   | 2) Monthly reporting<br>Data or information provided: <ul style="list-style-type: none"><li>• CDW data</li></ul>  | Other regulators | Monthly   |
|   |   | 3) Self-reporting (any time) of any breach of licence conditions  | Licensee         | Within a reasonable time from breach occurring                        |
|   |   |   |                  |   |
| Performance measures  |   |   |                  |   |
| The licensee develops and documents corrective actions which address identified issues and are completed in a timely manner   | Deficiencies are actioned ('closed out') within the specified timeframe<br><br>Qualitative evaluation, assessing the actions taken by self-insured licensees to address identified deficiencies | <b>Assessed by:</b><br>1) Self-reporting and/or<br>2) Other sources<br><br>Data or information provided: <ul style="list-style-type: none"><li>• Report on corrective actions and due dates</li></ul><br>Information which adequately identifies and demonstrates that the risk has been dealt with in a timely and effective manner  | Licensees        | Annual/ Quarterly (if requested by Account Manager for SRCC meetings) |
| <b>FATALITIES AND INCIDENCE OF CLAIMS</b><br><br><b>Fatalities</b><br><br>No (zero) fatalities that are required to be notified under the WHS Act   | Number of notifiable work-related fatalities.<br><br>Reported for each self-insured licensee over the past three years<br><b>Target:</b> Zero   | Assessed by:<br>1) Self-reporting<br><br>Data or information provided: <ul style="list-style-type: none"><li>• Number of notifiable work-related fatalities submitted by licensees to the relevant WHS regulator</li></ul>  | Licensee         | Quarterly (for SRCC meetings)   |
| <b>Incidence of claims</b><br><br>No (zero) compensable deaths  | Number of Compensable death claims. Reported for each self-insured licensee over the past three years<br><b>Target:</b> Zero  | <b>Assessed by:</b><br>1) Self-reporting<br><br>Data or information provided: <ul style="list-style-type: none"><li>• Number of notifiable work-related fatalities submitted by licensees to the relevant WHS regulator</li></ul>   | Licensee         | Quarterly (for SRCC meetings)   |

| Endorsed Success Factors   | Performance Indicators   | Method of assessment/data or information provided  | Provided by | Frequency                                 |
|--|--|--|-------------|---|
| Incidence rate of all (accepted) claims is improving                                 | <p>Claims incidence rate (number of accepted claims per 1000 FTE employees)—reported by type of claim for each self-insured licensee</p> <p>(a) improving incidence rate on quarterly basis</p> <p>(b) improving incidence rate over time</p> <p>In considering whether or not further information is required, consideration will be given to:</p> <p>(c) claim type;</p> <p>(d) top three mechanism of injury; and</p> <p>(e) licensee is below industry data point</p> <p><b>Target:</b> NA</p>   | <p>Assessed by:</p> <p>1) Monthly reporting</p> <p>Data or information provided:</p> <ul style="list-style-type: none"> <li>Claims CDW data</li> </ul> <p>Comparison of self-insured licensee performance against previous quarter and five financial years, where:</p> <p>i) performance continues to improve; or</p> <p>ii) performance remains stable and the licensee can demonstrate a continued focus on improvement through its annual LCPI report; and</p> <p>iii) the licensee's explanation and, where required, response to deterioration in performance is accepted.</p> | Licensee    | Monthly and Quarterly (for SRCC Meetings) |
| Incidence rate of all (accepted) claims reaching one week of incapacity is improving | <p>Number of claims reaching one week of incapacity (number of accepted claims with one week or more of incapacity per 1000 FTE employees)—reported for each self-insured licensee</p> <p>(a) improving incidence rate on a quarterly basis</p> <p>(b) improving incidence rate over time</p> <p>In considering whether or not further information is required, consideration will be given to:</p> <p>(c) claim type;</p> <p>(d) top three mechanism of injury; and</p> <p>(e) licensee is below industry data point</p> <p><b>Target:</b> NA</p> | <p>Assessed by:</p> <p>1) Monthly reporting</p> <p>Data or information provided:</p> <ul style="list-style-type: none"> <li>Claims CDW data</li> </ul> <p>Comparison of self-insured licensee performance against previous quarter and five financial years, where:</p> <p>i) performance continues to improve; or</p> <p>ii) performance remains stable and the licensee can demonstrate a continued focus on improvement through its annual LCPI report; and</p> <p>iii) the licensee's explanation and, where required, response to deterioration in performance is accepted.</p> | Licensee    | Monthly and Quarterly (for SRCC Meetings) |
| Notifiable incidents   | <p>Number of notifications. Reported by category:</p> <p>a) fatalities</p> <p>b) serious injuries or illness</p> <p>c) dangerous incident</p> <p>for each self-insured licensee over the past three years</p> <p><b>Target:</b> NA</p>   | <p><b>Assessed by:</b></p> <p>1) Self-reporting</p> <p>Data or information provided:</p> <ul style="list-style-type: none"> <li>Number of notifiable work-related fatalities, serious injuries or illnesses and dangerous incidents submitted by licensees to the relevant WHS regulator</li> </ul>  | Licensee    | Monthly and Quarterly (reports to SRCC)   |

| Endorsed Success Factors  | Performance Indicators  | Method of assessment/data or information provided  | Provided by | Frequency             |
|---|---|--|-------------|-----------------------|
| <b>REHABILITATION</b><br>Return to work performance meets the targets set by the SRCC   | Median incapacity duration in weeks, across all injury types—reported for each self-insured licensee over the past three years<br><b>Target:</b> Existing<br>Durability of return to work*<br><b>Target:</b> NA | <b>Assessed by:</b><br>1) Monthly reporting<br>Data or information provided:<br><ul style="list-style-type: none"> <li>Claims CDW data</li> </ul> <b>Assessed by:</b><br>2) SWA methodology (status codes) or<br>3) Equivalent established licensee methodology<br>Data or information provided:<br><ul style="list-style-type: none"> <li>Claims CDW data</li> </ul> Based on performance from previous financial year, where:<br>i) Performance is within a 25%-50% range of industry: 5% reduction on previous financial year result;<br>ii) Performance is worse than 50% of the industry benchmark: 7.5% reduction on previous financial year result.<br>For licensees in the top 25% of their industry the following principles apply:<br>i) Performance continues to improve; or<br>ii) performance remains stable and the licensee can demonstrate a continued focus on improvement through its annual LCPIM report; and<br>iii) performance is maintained in the top 25% of industry; and<br>iv) the licensee's explanation and, where required, response to deterioration in performance is accepted.<br>The number of claims with no incapacity in the period will also be included where possible. | Licensee    | Monthly and Quarterly |
| *The SRCC will, as part of the implementation process, work to determine the best assessment process for assessing and measuring the durability of return to work that ensures consideration of the context for return to work across licensees. This work will also incorporate work on durability measures currently under consideration at the national level. |   |  |             |                       |



| Endorsed Success Factors   | Performance Indicators  | Method of assessment/data or information provided  | Provided by                                   | Frequency                 |
|--|---|--|---|---------------------------|
| <b>CLAIMS MANAGEMENT</b><br>Licensees have established systems that enable accurate and timely payments to injured workers | Licensee has an established claims management system that enables accurate and timely payments to injured workers<br>This includes the Quality Assurance processes or other activities that licensees undertake in relation to decision making  | <b>Assessed by:</b><br>1) Annual licensee assessment informed by licensee certification<br>Data or information provided: <ul style="list-style-type: none"> <li>Licensee Compliance and Performance Improvement Report template</li> <li>Governance documents (including any audits or reviews of claims management) internal to the licensee</li> </ul> | Licensee                                      | Annually                  |
|  |   | 2) Monthly reporting<br>Data or information provided: <ul style="list-style-type: none"> <li>CDW data</li> </ul>   | Licensee                                      | Monthly                   |
|  |   | 3) Self-reporting (any time) of any system changes   | Licensee                                      | As occurs                 |
| Injured workers are supported through the claims process and their experience measured and responded to (where required)   | Surveys of injured workers on their claims process experience are conducted and acted upon<br>Information and services are provided to injured workers<br>Licensee works to reduce unnecessary disputes<br>Feedback from complaints is monitored<br><b>Target:</b> A target can be set against survey results | <b>Assessed by:</b><br>1) Return to Work Survey (formerly Injured Worker Survey) or other equivalent survey results<br>Data or information provided: <ul style="list-style-type: none"> <li>Return to work survey results</li> <li>Other survey results</li> </ul>   | Comcare runs survey through service providers | Annually                  |
|  |   | 2) Other information provided by licensee to give context: <ol style="list-style-type: none"> <li>including numbers of all claims vs accepted claims</li> <li>review information and services licensees provide to support injured workers through the claims process</li> </ol>   | Licensee                                      | Quarterly<br><br>Annually |
|  |   | 3) Determinations that are: <ol style="list-style-type: none"> <li>referred for reconsideration and</li> <li>referred to the AAT on appeal and</li> <li>unsuccessful and/or did not proceed before the AAT</li> </ol> Total number of matters only.  | Licensee                                      | Quarterly                 |
|  |   | 4) Monthly reporting<br>Data or information provided: <ul style="list-style-type: none"> <li>Claims data or other reporting</li> </ul>   |   | Monthly                   |
|  |   | 5) Feedback through complaints   |   | Quarterly                 |

| Endorsed Success Factors   | Performance Indicators   | Method of assessment/data or information provided   | Provided by                   | Frequency                      |
|--|--|---|-------------------------------|--------------------------------|
| Decisions are timely   | <p>% and number of determinations of new claims</p> <p>Reported by date of receipt by the determining authority of a compliant claim. For injuries, reported by time period:</p> <ul style="list-style-type: none"> <li>a) 0 to 20 days</li> <li>b) 21 to 30 days</li> <li>c) 31 to 60 days</li> <li>d) greater than 60 days</li> </ul> <p>The % of reconsideration requests decided within 30 calendar days from date of receipt by the determining authority (the date of receipt is the date the reconsideration request is received by the determining authority)</p> <p><b>Target:</b> Target can be set against results.</p> | <p><b>Assessed by:</b></p> <p>1) Monthly reporting</p> <p>Data or information provided:</p> <ul style="list-style-type: none"> <li>• CDW Claims data</li> </ul>   | Licensee                      | Monthly                        |
| <p><b>PREVENTION AND COMMUNICATION</b></p> <p><b>Safety Climate</b></p> <p>Licensees demonstrate a strong safety climate, including:</p> <ul style="list-style-type: none"> <li>a) formal safety audits at regular intervals as a normal part of business</li> <li>b) everyone values ongoing safety improvement</li> <li>c) safety is at least as important as production and quality in the way work is done</li> <li>d) workers and supervisors have the information they need to work safely</li> <li>e) workers are always involved in decisions affecting their health and safety</li> <li>f) those in charge of safety have the authority to make the changes they have identified as necessary</li> <li>g) positive recognition for those who act safely</li> <li>h) everyone has the tools and equipment they need to complete work safely</li> </ul> | <p>The licensee demonstrates a strong safety climate</p> <p><b>Target:</b> To be set as a score out of 40.</p>   | <p><b>Assessed by:</b></p> <p>1) Organisational Performance Metric results</p> <p>Data or information provided</p> <ul style="list-style-type: none"> <li>• OPM survey results</li> </ul> <p>OR</p>   | Licensee/<br>service provider | Annual or as advised by Monash |
|  | <p><b>Target:</b> A target needs to be set for driving improvement</p>   | <p><b>Assessed by:</b></p> <p>2) Information provided by licensees which demonstrates equivalent organisational performance assessment measures</p> <p>Data or information provided</p> <ul style="list-style-type: none"> <li>• Other survey, review or certification results</li> </ul> <p>OR</p> | Licensee                      | Annual                         |
|  | <p><b>Target:</b> Audit result targets used to encourage improvement.</p>  | <p><b>Assessed by:</b></p> <p>3) Continued audits in line with an audit tool or other equivalent audit approach</p> <p>Data or information provided:</p> <ul style="list-style-type: none"> <li>• Audit results</li> </ul>  | Licensee/<br>service provider | Annual                         |

## How do licensees report performance?

For most performance indicators the claims data provided by licensees under its conditions of licence allow analysis that produces a licensee's result against a particular indicator.

For some indicators, licensees are required to produce further information or data at set times. In addition, some indicators require an external firm or consultant, independent of the licensee (which may include Comcare), to provide information or a report prepared by the firm or consultant assessing the licensee's performance.

## Monitoring and assessing performance

As with licence condition compliance, Comcare provides support to the SRCC in receiving, collating and assessing licensee performance information. Comcare's Self Insurance team perform this function.

Items that require annual certification by licensees will be reported on as part of each licensee's annual Licensee Compliance and Performance Improvement (LCPI) Report to be provided to the SRCC. The template LCPI report is at **Attachment B**. Historically, LCPI Reports have been provided by 31 March each year however, licensees may request a different annual reporting cycle.

For reviews conducted for developing/transitioning phase licensees, or where established licensees are subject to a review, these reviews are provided to Comcare for inclusion in reporting provided to the SRCC as they relate to performance standards. Copies of the reviews are available to all SRCC members once finalised.

Comcare assesses or records the licensee information, material or actions and reports to the SRCC annually, quarterly or on an as required basis in line with the table above.

Importantly, licensee performance monitoring uses a risk assessment against each performance area as an overall indicator of performance of the licensee and whether any further action is required. Comcare conducts this assessment against criteria and parameters set by the SRCC. The assessment draws on licensee results against licence conditions compliance and other performance indicators and reports relating to licensees.

**Attachment E** sets out the methodology agreed by the SRCC (and used by Comcare) to assess licensee performance.

Comcare reports licensee performance in the report format set out at **Attachment D** to this document. The SRCC can request extra information or source documents used by Comcare to complete a report at any time.

## Poor performance results

Where Comcare, in its support role of the SRCC, detects that a licensee has not met the required performance standards, it will liaise with the licensee to verify the result and advise the licensee that it is required to resolve the issue in a timely manner. Performance results will be reported to the SRCC at its quarterly meetings or otherwise as appropriate. If the performance result cannot be explained or poor performance is detected for two relevant consecutive periods (a relevant period refers to the most relevant period for performance assessment e.g. ad hoc, monthly, quarterly or annually), Comcare will report the situation to the SRCC for action or potential regulatory response (refer section 8).

Licensees will be given the opportunity to respond or provide further information to the SRCC as part of Comcare's report.

## 8. Commission regulatory response framework

Under the SRC Act, the SRCC can exercise a range of responses to non-compliance or poor performance by a licensee.

- Section 105 provides that the SRCC may vary the scope of a licence or extend its term (the SRCC's policy on extension of a licence is in **Attachment F**).
- Section 106 gives the SRCC power to revoke or suspend a licence where it considers it appropriate to do so. Section 106(2) sets out that the SRCC must follow such procedures, if any, as set out in Ministerial Directions (the SRCC's policy on suspension or revocation of a licence is in **Attachment G**).
- Section 108D(2) provides that the SRCC, at any time while a licence is in force, may vary the conditions to which the licence is subject by notice in writing given to the Licensee (the SRCC's policy on variation of a licence is in **Attachment H**).

It is expected that licensees will seek to rectify voluntarily any breaches of the conditions of licence, or any performance issues raised by the SRCC as soon as possible.

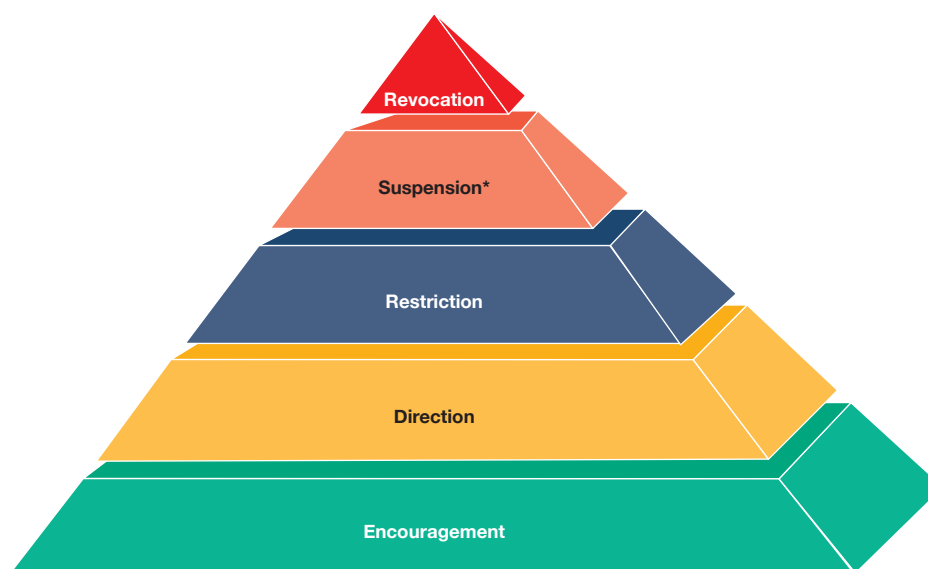
The SRCC's principles of regulation, included in this document, guide the approach the SRCC will take to any regulatory response.

### A staged approach

Where the SRCC considers that a regulatory response may be appropriate, the following set of staged responses will be considered by the SRCC. The benefits of a set of graduated responses include that the SRCC is able to impose a response that is proportionate to the risk, escalate or de-escalate regulatory action, and minimise the costs associated with a response.

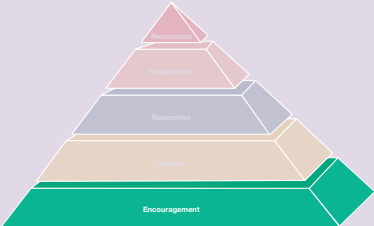
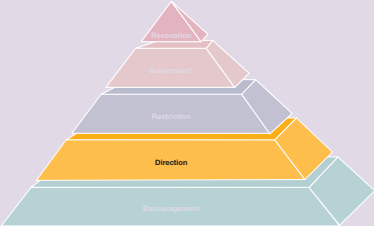
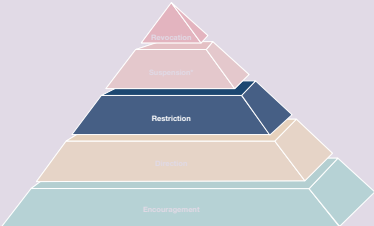
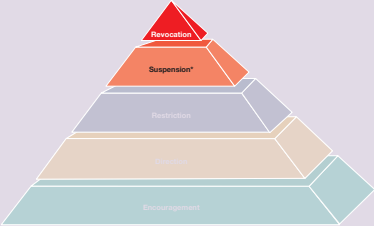
Once the SRCC has identified that there is a problem, in the normal course of events, the licensee would be notified of the issue in writing and given an opportunity to resolve the problem. Depending on the circumstances this communication may be undertaken by Comcare acting on behalf of the SRCC. At all stages, the SRCC will seek to be open with an affected licensee and inform, in writing, of regulatory decisions that may impact the licensee.

At any point during the process, it is open to an affected licensee to make written representations to the SRCC regarding the matters in question, and the appropriateness and effectiveness of the SRCC's proposed regulatory response.



<sup>2</sup> This staged approach is consistent with the Australian National Audit Office (ANAO) Better Practice Guide to Administering Regulation.

\*The SRCC can only suspend the licence of a current or former Commonwealth Authority (currently only Australia Post and Reserve Bank).

|   |  |
|---|--|
| <p><b>1. Encouragement</b></p>  <p>The diagram shows a pyramid with five levels. From top to bottom, the levels are: Revocation (red), Suspension* (orange), Restriction (blue), Direction (yellow), and Encouragement (green). The Encouragement level is the base and is highlighted with a green 3D effect.</p>         | <p><b>Encouragement</b> focuses on education and voluntary compliance. This would usually be undertaken by Comcare, on behalf of the SRCC, and may include activities such as:</p> <ul style="list-style-type: none"> <li>• interaction between the relevant Comcare Account Manager and the Licensee</li> <li>• Comcare Executive Level meeting with Licensee</li> <li>• information and presentations provided by the relevant areas within Comcare</li> <li>• sending a letter requesting an action or information (either from Comcare or the SRCC)</li> <li>• Where Comcare observes multiple or sustained consecutive poor performance results against the Licensee Performance Standards and Measures, the Account Manager would normally request evidence of contextual information, corrective action plans and their implementation to verify claims, and report these to the SRCC.</li> </ul> <p>The SRCC may also consider publishing de-identified or aggregated information on concerns or trends identified with one or more licensees identified at the Encouragement stage.</p> |
| <p><b>2. Direction</b></p>  <p>The diagram shows a pyramid with five levels. From top to bottom, the levels are: Revocation (red), Suspension* (orange), Restriction (blue), Direction (yellow), and Encouragement (green). The Direction level is the base and is highlighted with a yellow 3D effect.</p>                | <p>The SRCC activities in the <b>direction</b> category could encompass:</p> <ul style="list-style-type: none"> <li>• issuing a letter of statutory warning to the principal officer</li> <li>• issuing a letter requesting information (such as a report)</li> <li>• inviting the principal officer of the licensee to attend a meeting of the SRCC (or part thereof) to provide relevant information and to respond to any SRCC enquiries</li> <li>• visiting a licensee to better inform itself and discuss any performance concerns before issuing any direction</li> <li>• directing an action such as a targeted review and/or investigation be undertaken to address the issue.</li> </ul> <p>The SRCC may also consider publishing information on its actions at the Direction stage on the SRCC's website or in the SRCC's Annual Report.</p> <p>Note any breaches of licence will be reported in the SRCC's Annual Report.</p>   |
| <p><b>3. Restriction</b></p>  <p>The diagram shows a pyramid with five levels. From top to bottom, the levels are: Revocation (red), Suspension* (orange), Restriction (blue), Direction (yellow), and Encouragement (green). The Restriction level is the base and is highlighted with a blue 3D effect.</p>             | <p>In the <b>restriction</b> category, the SRCC may consider such things as:</p> <ul style="list-style-type: none"> <li>• reviewing and amending the licence of a licensee by varying the conditions of licence under section 108D(2) of the SRC Act to remove or add specific conditions.</li> <li>• where the SRCC considers it appropriate to do so, the SRCC may consider extending licences for a shorter period of time than the usual eight-year period.</li> </ul>   |
| <p>It is at the SRCC's discretion to undertake a <b>simultaneous mix</b> of the actions identified above in the <b>encouragement, direction, and restriction</b> categories, depending on the breach or issue. Using a combination of these steps is likely to communicate the seriousness with which the SRCC views non-compliance or poor performance.</p>  |  |
| <p><b>4. Revocation or Suspension</b></p>  <p>The diagram shows a pyramid with five levels. From top to bottom, the levels are: Revocation (red), Suspension* (orange), Restriction (blue), Direction (yellow), and Encouragement (green). The Revocation level is the base and is highlighted with a red 3D effect.</p> | <p>The SRCC will usually only consider <b>revocation or suspension</b> of a licence for serious or systemic issues, or where a licensee has resisted or been unable to achieve voluntary compliance. Note the SRCC can only suspend (not revoke) the licence of a current or former Commonwealth Authority (currently only Australia Post and Reserve Bank).</p> <p>The SRCC will seek to resolve any non-conformance through means other than suspension or revocation.</p>   |

## Delegations

When considering responses to non-compliance or poor performance by a licensee the SRCC may, at any point and on a case-by-case basis, consider delegating an action or function to:

- a sub-set of the SRCC;
- a specific Commissioner; or
- the Comcare CEO.

As part of any decision to delegate an action or function the SRCC will agree the period for the delegation and mechanism/timeframes for review.

## Targeted review methodology

### Overview

A targeted review is one of the options open to the SRCC as part of its staged approach to regulation should ongoing issues be identified, with an individual licensee, through the performance assessment methodology (**Attachment E**) that cannot be explained or resolved. The regulatory response flow chart (**Attachment I**) and guidance, has assisted in developing a methodology for what the elements of a targeted review may entail, noting that flexibility will be required. As no two performance issues will necessarily be the same, it is therefore difficult to develop a prescriptive or all-encompassing framework that sets out exactly what a targeted review may contain against each of the performance standards and measures.

The SRCC may request a targeted review of a licensee as part of its response to a compliance or performance issue. A targeted review will normally follow the provision of contextual information by a licensee about an issue and potentially an information request by the SRCC about the issue.

The SRCC may make specific recommendations about the scope of any targeted reviews.

### Developing a targeted review

If a performance assessment rating reaches the level of RED (in the performance standard ratings in the quarterly reports) as identified through the SRCC's Performance Assessment Methodology (**Attachment E**) and the contextual information provided by the licensee fails to satisfy the SRCC, the regulatory response framework may invoke a targeted review. Comcare would put recommendations to the SRCC in line with the Targeted Review Template at **Attachment J**.

The aim of a targeted review is to:

- determine the extent of non-conformance
- identify specific avenues to improve performance
- be satisfied that ultimately the performance issue will be resolved.

A targeted review can be designed to:

- test the accuracy of information a licensee has provided to the SRCC
- specifically target an area of a licensee's claims management, rehabilitation, or prevention operations
- identify and assess underlying issues or drivers behind poor performance.

The review will have a clear objective of what the review needs to achieve.

A single or mix of activities such as: a desktop audit to ensure quality; file reviews; targeted system audit (file or site specific and limited to only those criteria that could assist with the issue identified); or a data quality review could be recommended.

Examples of some of these actions, listed against the Performance Standards and Measures are set out below.

| <b>Targeted Review – Regulatory Actions Guidance</b><br>Performance Standards and Measures<br>Consecutive unexplained non-compliance/failure |  |   |
|--|--|---|
| Corrective actions   | If the identified issue is in relation to a management systems audit and cannot be resolved through the information request.                           | May require claim or rehabilitation file review or targeted audit of function using relevant criteria.  |
| Incident rate of serious (accepted) claims   | Depending on the nature of the performance issue.  | May warrant including any relevant audit criteria, look at safety climate, prevention/ safety plans etc.  |
| Incident rate of all (accepted) claims reaching one week of incapacity   | Depending on the nature of the performance issue.  | May warrant including any relevant audit criteria, look at safety climate, prevention/ safety plans etc.  |
| Rehabilitation – Return to work performance (Return to work rate)  | Depending on the nature of the performance issue.  | Relevant criteria from the rehabilitation management systems tool may be assessed. Resourcing etc.  |
| Claims management – established systems that enable timely and accurate payments to injured workers  | Depending on issue.  | Some elements of claims management audit tool may be relevant, including potential file or systems reviews. Look at resourcing.<br>Requiring licensee to undertake a data quality assessment.               |
| Decisions are timely   | Information request should seek to identify the reasons to the delay in decision making.   | Any review would focus on resourcing, system issues and the interaction between the licensee and relevant providers.<br>Some elements of the claims and rehabilitation systems audit tools may be relevant. |
| Safety climate   | Information request will depend on the way in which the licensee seeks to address this requirement e.g. system audit, safety culture survey tool, etc. | Any targeted review would be linked to the corrective action measures with a focus on actions being taken and expected outcomes/ measurements to identify whether those actions have been effective.        |

### Timing of a targeted review

Consideration will also be given to the timing of the targeted review in line with any scheduled reviews in year two and year six.

### Who conducts targeted reviews

Different skill sets will be needed depending on the recommendations in relation to each review. When a review is proposed for the SRCC's agreement, a recommendation will be made about who should conduct the review.

As a guide, any review that recommends that a licensee be tested against some or all the criteria within an audit tool will require the appropriate skills and expertise. Comcare may, on behalf of the SRCC, source an external suitably qualified person to conduct the review, the cost of which will be recovered through licence fees.

The SRCC could also determine that the review be undertaken by Comcare, should Comcare have the capacity at that time, or that the licensee itself source an independent person to conduct the review.

## Outcomes from targeted review

At the conclusion of a targeted review a short report will be produced in line with the template at **Attachment K**.

The report should:

- i) set out findings from the review clearly addressing the objective set for the review;
- ii) identify corrective actions or areas for improvement with set timeframes for implementation; and
- iii) include consultation with the relevant licensee on the outcomes and recommendations to the SRCC.

Any disputes over findings would be considered in line with the SRCC's dispute resolution process (see section 9).

Refer to the Flow Chart if the issues are not resolved.

## Scheduled reviews

The aim of scheduled reviews is for the SRCC to:

- take a holistic look at performance in preceding years to identify whether there are any areas that may require more in-depth analysis or contextual information across all licensees that are in years 2 or 6 of licence (e.g. data quality reviews)
- identify concerns that it wants to verify across all licensees as they reach years 2 and 6 of licence.

The SRCC's Year 6 Scheduled review methodology is at **Attachment L**.

## Cost Recovery

In addition to the above, the SRCC's cost recovery arrangements operate so that licensees who are non-compliant or who perform poorly, consistently, will experience increases in their licence fees due to the additional time the SRCC (or Comcare or contracted resources) spend considering the licensee's compliance and performance results and any remedial actions.

## Consultation process

When Comcare becomes aware that the SRCC may consider exercising its statutory powers to direct, restrict, suspend or revoke as set out in this section, the SRCC, Licensee and Comcare will observe the following consultation process:

- (a) Comcare, on behalf of the SRCC, will consult with the affected Licensee(s) on the matters identified by the SRCC and provide an opportunity for feedback. Note that the SRCC may request Comcare to notify relevant Unions and/or the Safety, Rehabilitation and Compensation Licensees Association of the nature of the concern as well.
- (b) Licensees will consult on the matters identified by the SRCC with affected employees and relevant unions as required by the conditions of licence and any specific SRCC requirements.
- (c) Parties will be afforded a minimum timeframe of 14 days to respond unless the parties agree otherwise.
- (d) Licensees will advise Comcare of the outcome of consultation with employees and relevant unions.
- (e) Comcare will prepare a paper for the SRCC including details and analysis of the consultation undertaken.
- (f) Licensee(s) will be given the opportunity to respond or provide further information to the SRCC as part of Comcare's report.
- (g) Following consideration of the paper by the SRCC, Comcare will advise the Licensee(s) of the decision within 24 hours of the meeting, followed by a written decision from the SRCC as soon as possible.

Note that this consultation process applies to the SRCC's monitoring of licence condition compliance and performance standards by licensees. Where the SRCC intends to issue guidelines or use any other statutory power under the SRC Act, consultation with stakeholders will occur in accordance with the agreed procedures for such activities.



## 9. Dispute resolution process

### Dispute resolution process

This section sets out the process for managing disputes that may arise under this Licence Compliance and Performance Model document. There are two dispute types.

1. Situations where licensees dispute Comcare's assessment of licensee compliance or performance under this document, and
2. Situations where licensees dispute the decision of the SRCC.

### Disputes with Comcare's assessment of Licensee compliance or performance

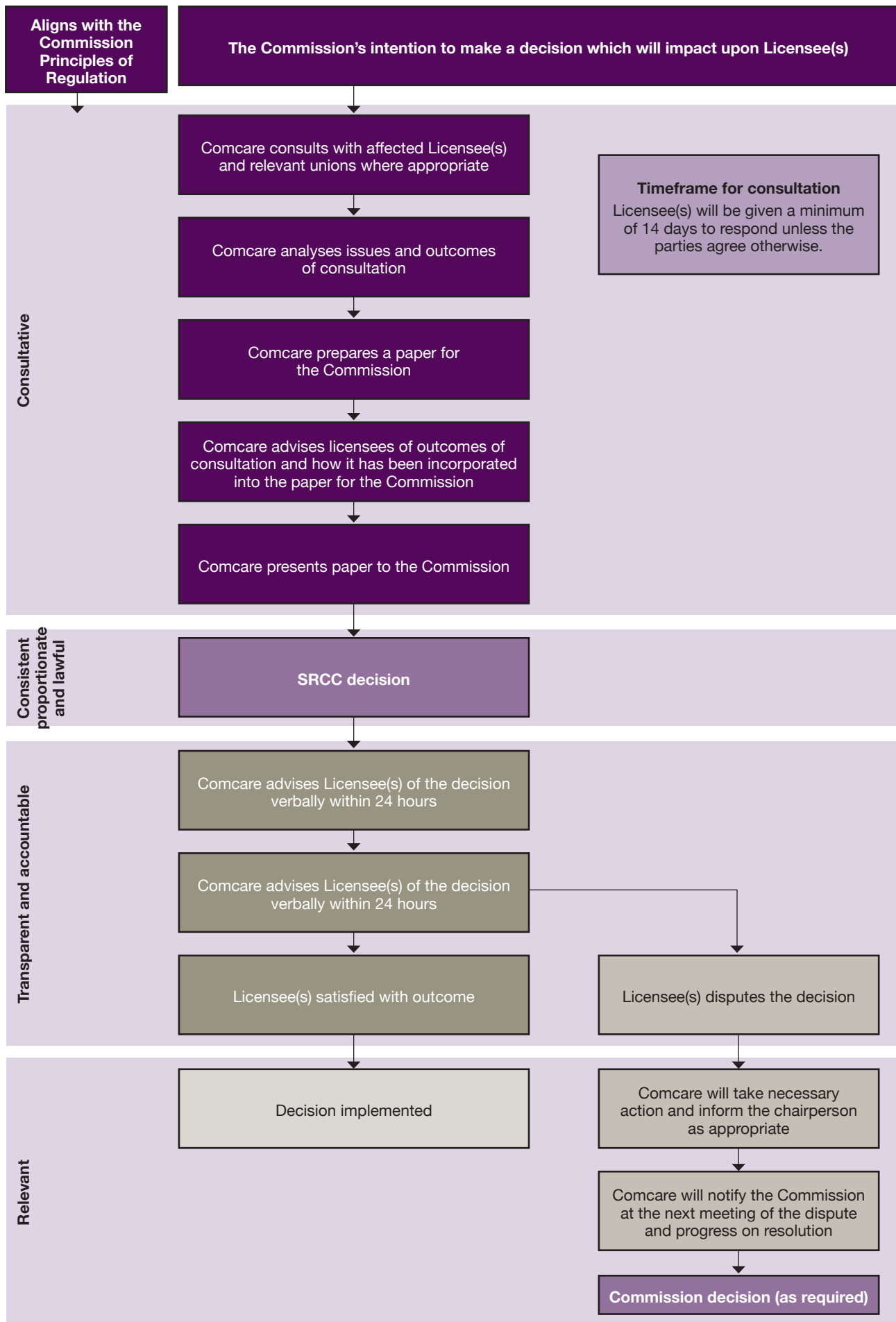
It is expected that when each party follows the processes set out in this document, disputes will be kept to a minimum. However, it is acknowledged that despite best endeavours, it will not always be possible for Comcare and a licensee to agree on issues being presented to the SRCC for decision. The following dispute resolution process is available to Licensees to resolve issues where they disagree with Comcare's assessment of the licensee's licence condition compliance or performance.

- (a) In the first instance, the issue should be raised with Comcare, and the issue will be reviewed by the General Manager responsible for the oversight of Self-Insurance arrangements. The General Manager will investigate the facts, consider policies and practices that may be applicable and consult with relevant experts as required. The General Manager should give the licensee/licensees a specific response as soon as reasonably possible.
- (b) Should the above step fail to resolve the issue, Comcare will present a paper to the SRCC with recommendations and options for resolution of the issue. The paper will detail the consultation process, clearly reflecting any dissenting view of the Licensee and include any submissions and supporting documentation received by the affected licensee.
- (c) The SRCC may either make a decision based on the information provided, or defer making a decision and:
  - i) provide direction to Comcare to further investigate and provide additional information to assist the SRCC in its decision-making process. This additional information could be presented out of session, or to a subsequent SRCC meeting;
  - ii) delegate to a sub-committee of the SRCC the task of examining the issues and making a recommendation to the SRCC. The sub-committee may, if reasonably required, obtain independent expert advice; or
  - iii) directly engage with the affected Licensee or employee representatives.

### Dispute of the decision of the SRCC

Where a licensee disputes a decision of the SRCC, the licensee is able to seek a review of a decision under the *Administrative Decisions (Judicial Review) Act 1977*.

A flow chart of the consultation and dispute resolution process is set out below.



# ATTACHMENTS

Attachment A – Standard Licence Template

Attachment B – Licensee Compliance and Performance Improvement (LCPI) Annual Reporting Template

Attachment C – Prudential and Financial Framework

Attachment D – Licensee Compliance and Performance Report Template

Attachment E – Performance Assessment Methodology

Attachment F – Policy on extension of a licence under Part VIII of the SRC Act

Attachment G – Policy on suspension or revocation of a licence under Part VIII of the SRC Act

Attachment H – Policy on variation of a licence under Part VIII of the SRC Act

Attachment I – Regulatory Response Flow Chart

Attachment J – Targeted Review Template

Attachment K – Scheduled Review – Methodology for Year 6

Attachment L – Policy on the provision of information and consultation requirements – guidance for licensees

Attachment M – Guidance – Licence condition on information recording, retrieval and reporting requirements

# Attachment A – Standard Licence Template

## ***Safety, Rehabilitation and Compensation Act 1988*** **Part VIII**

### **Notice of [Grant of Licence/ Variation of Licence/ Extension of Licence] - [Insert full name of licensee] (No X of [insert year])**

#### Background

#### **Select from:**

*Option A (where Licensee is declared eligible to be granted a licence) –*

- A. [Insert licensee's name], ABN [insert ABN number] (**Licensee**), was declared to be eligible to be granted a licence under Part VIII of the *Safety, Rehabilitation and Compensation Act 1988* (Cth) (**SRC Act**) by legislative instrument dated [insert relevant date].

*Option B (where Licensee is a Commonwealth authority) –*

- A. [Insert licensee's name], ABN [insert ABN number] (**Licensee**), is a Commonwealth authority and is therefore eligible to be granted a licence under Part VIII of the *Safety, Rehabilitation and Compensation Act 1988* (Cth) (**SRC Act**).
- B. The Safety, Rehabilitation and Compensation Commission (**SRCC**), acting under sections 103 and 104 of the SRC Act, granted a licence to the Licensee on [insert date on which the licence was granted] with a commencement date of [insert commencement date].

#### **Select from:**

*Option A (grant of licence) –*

- C. The scope and conditions of the licence are as set out below.

*Option B (variation of licence) –*

- C. The SRCC, acting under subsection 108D(2) of the SRC Act [or, if applicable, instead insert 'acting under sections 105 and 108D(2) of the SRC Act'], varies the conditions of the licence as follows:
- (i) [insert description of variation 1 – e.g. the format, parts, headings and condition numbers of the licence have been revised to reflect the new licence instrument template adopted by the SRCC];
  - (ii) [insert description of variation 2 – e.g. 'Part 1 – Interpretation' has been inserted, which includes both an 'Interpretation' and 'Definitions' condition of licence]; and
  - (iii) [insert description of variation 3 etc].
- D. The variations take effect at the beginning of [date] ([insert Australian Eastern Daylight Time or Australian Eastern Standard Time. *Note AEDT begins on the first Sunday in October, ending on the first Sunday in April*]).

E. The scope and conditions of the licence are as set out below.

*Option C (extension of licence) -*

C. The SRCC, acting under subsection 105(1) of the SRC Act, extends the term of the licence for the period commencing at the beginning of [date] ([insert Australian Eastern Daylight Time or Australian Eastern Standard Time. *Note AEDT begins on the first Sunday in October, ending on the first Sunday in April*]) and ending at the end of [end date of licence] ([insert Australian Eastern Daylight Time or Australian Eastern Standard Time])).

D. The scope and conditions of the licence are as set out below.

## Licence

### Part 1—Interpretation

#### **Interpretation**

1. Unless the contrary intention appears, expressions used in this instrument have the same meaning as in the SRC Act.<sup>1</sup>

#### **Definitions**

2. In this licence:

- (a) *APRA* means the Australian Prudential Regulation Authority;
- (b) *Balance Date* means the last day of the Financial Year immediately before the first Financial Year to which the Guarantee being obtained under condition 45 will relate;
- (c) *Deed of Cross Guarantee* means a deed of cross guarantee entered into by (among others) the Licensee which complies with all requirements of any instrument issued under the *Corporations Act 2001* (Cth); [Note – only include this definition if the Deed of Cross Guarantee conditions are included]
- (d) *Deed of Guarantee and Indemnity* means a deed of guarantee and indemnity approved by the SRCC; [Note – only include this definition if the Deed of Guarantee and Indemnity conditions are included]
- (e) *Deed of Personal Guarantee* means a deed of personal guarantee approved by the SRCC; [Note – only include this definition if the Deed of Personal Guarantee conditions are included]
- (f) *Document* means document as that word is defined by section 2B of the *Acts Interpretation Act 1901* (Cth);
- (g) *Excess Amount* has the meaning as defined in condition 57;
- (h) *Financial Year* means the financial year that applies to the licensee under the *Corporations Act 2001* (Cth);
- (i) *Guarantee* means a bank guarantee, letter of credit, unconditional payment undertaking or such other instrument issued by an entity acceptable to the SRCC in accordance with this licence;
- (j) *Liability Report* has the meaning as defined in condition 34;

- (k) *Licensee* includes, where the context permits, the Claims Manager and the Reviewer; [Note - only include 'and the Reviewer' if there is a third party reviewer appointed under clauses 9 and 10]
- (l) *Outstanding Claim Liability* has the meaning as defined in the Institute of Actuaries of Australia *Professional Standard 302: Valuations of General Insurance Claims*, or any standard substituted thereof;
- (m) *Recommended Excess Amount* has the meaning as defined in condition 36(c);
- (n) *Reinsurance Policy* has the meaning as defined in condition 56; and
- (o) *Risk Free Rate* means the rates to be used in discounting the expected future claims payments of insurance liabilities denominated in Australian currency as determined in accordance with APRA *Prudential Standard GPS 340: Insurance Liability Valuation*, or any standard or associated standard, substituted thereof.

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1 For the purposes of this licence, the definition of claim prescribed by section 99 of the SRC Act applies.

## Part 2—Grant of licence

### **Eligible applicant**

#### **Select from:**

*Option A (where Licensee is declared eligible to be granted a licence) –*

- 3. The Licensee was declared to be eligible to be granted a licence under Part VIII of the SRC Act by legislative instrument dated [insert relevant date], registered as [insert registration number] on the Federal Register of Legislation on [insert date legislative instrument was registered].

*Option B (where Licensee is a Commonwealth authority) -*

- 3. The Licensee is a Commonwealth authority and is therefore eligible to be granted a licence under Part VIII of the SRC Act.

### **Licence decisions**

#### **Select from:**

*Option A (grant of licence)*

- 4. The SRCC, acting under sections 103 and 104 of the SRC Act, granted a licence to the Licensee on [insert date licence was granted] for the period commencing on [insert date of commencement] and ending on [end date of initial grant of licence].

*Option B (variation or extension of licence)*

- 4. The SRCC, acting under sections 103 and 104 of the SRC Act, granted a licence to the Licensee on [insert date licence was granted] for the period commencing on [insert date of commencement] and ending on [end date of initial grant of licence] as notified by [insert Commonwealth Gazette notice reference], published on [insert date notice was published].

Only include clause 5 for a notice of variation, where the licence has been varied more than once.

5. Following its commencement, the licence has been varied or extended by the SRCC on:
- (a) [insert date], as notified by Notice No. [insert number] of [insert year], in Gazette reference number [insert Gazette reference number] on [insert date];
  - (b) [insert date], as notified by Notice No. [insert number] of [insert year], in Gazette reference number [insert Gazette reference number] on [insert date]; and
  - (c) [insert date], as notified by Notice No. [insert number] of [insert year], in Gazette reference number [insert Gazette reference number] on [insert date].

### **Period of licence**

6. Subject to the SRC Act, this licence is for the period commencing at the beginning of [insert date] ([insert Australian Eastern Daylight Time or Australian Eastern Standard Time. *Note whether the commencement date (and end date) falls within AEDT or AEST. AEDT begins on the first Sunday in October, ending on the first Sunday in April*]) and

### **Select from:**

*Option A (grant of licence)* – ending at the end of [insert date] ([insert Australian Eastern Daylight Time or Australian Eastern Standard Time]) (**Licence Period**).

*Option B (variation or extension of licence)* –, in accordance with the most recent extension, ending at the end of [insert end date of most recent extension] (Australian Eastern Daylight Time/Australian Eastern Standard Time) (**Licence Period**).

## **Part 3—Scope of licence**

### **Scope of licence—acceptance of liability**

7. The Licensee is authorised to accept liability to pay compensation and other amounts under the SRC Act in respect of all injuries, loss or damage suffered by, or in respect of the death of, any of the employees of the Licensee where such injuries, loss, damage or death: [insert either one or both of the following as applicable:
- (a) occur within the Licence Period; or
  - (b) occurred during a period for which a previous SRC Act licence was in force].

### **Scope of licence—management of claims**

### **Select from:**

*Option A (Licensee as claims manager)*

8. The Licensee is authorised to manage claims under the SRC Act made by the employees of the Licensee who are covered by the scope of this licence so far as it relates to the Licensee's acceptance of liability in accordance with clause [insert number of immediately preceding clause] of this licence.



#### *Option B (third party claims manager)*

8. [Insert claims manager's name], ABN [insert ABN number] (**Claims Manager**) is authorised to manage, on behalf of the Licensee, claims under the SRC Act made by the employees of the Licensee who are covered by the scope of this licence so far as it relates to the Licensee's acceptance of liability in accordance with clause [insert number of immediately preceding clause] of this licence.

#### **Scope of licence—reconsiderations (where applicable)**

*[only include this subheading and clauses 9 and 10 where there is a third party reviewer]*

9. For the purpose of any reconsiderations under Part VI of the SRC Act, except for reconsiderations of own motion of matters in respect of which the outcomes would be no less favourable to the employee than the original decisions, in respect of determinations made by the Licensee, the Licensee may arrange for the person specified below (**Reviewer**) to carry out any reconsiderations of determinations on behalf of the Licensee:

The Reviewer: [insert name], ABN: [insert ABN number].

10. The Licensee is to enter into and maintain a written contract with the Reviewer for the performance of the Reviewer's reconsideration function and if requested to do so, give a copy of the contract to the SRCC.

#### **Part 4—Conditions of licence**

##### **Conditions of licence**

11. The licence is granted subject to the following conditions.

##### **General conditions**

##### **Communication**

12. The Licensee, when bringing employees under its self-insurance licence pursuant to any consolidation or amalgamation process, must provide information to those employees regarding [the *Work Health and Safety Act 2011* (Cth) (**WHS Act**) and] the SRC Act prior to those employees becoming employees of the Licensee.
13. The Licensee must provide information regarding the operation of [the WHS Act and] the SRC Act to all new employees as part of the licensee's employee induction process.

**[Note: only refer to the WHS Act in conditions 12 and 13 if the licensee is covered under the WHS Act]**

##### **Directions of SRCC**

14. The Licensee must comply with any written directions, whether general or in respect of a particular matter or class of matters, given by the SRCC generally, or to the Licensee directly, with respect to the performance by the Licensee of its functions or the exercise of its powers under the SRC Act.

##### **Requirements**



15. The Licensee must comply with the requirements of:
- (a) the SRC Act, its Regulations and any applicable guidelines issued by the SRCC under section 73A of the SRC Act;
  - (b) any applicable laws of the Commonwealth, States or Territories with respect to the safety, health and rehabilitation of employees, with a particular focus on the statutory requirements for genuine consultation with employees and their representatives; and
  - (c) the relevant Privacy legislation.
16. The Licensee must have regard to guidelines issued by the Information Commissioner under the *Privacy Act 1988* (Cth) and must comply with any such guidelines dealing with covert surveillance of employees.

### ***Fees***

17. The Licensee must pay the licence fee notified in writing to the Licensee under section 104A of the SRC Act within one month of receiving the notification.
18. On written request from the SRCC, the licensee must pay other fees relating to the Licensee's operations under the SRC Act, in the amount and within the timeframe, specified by the SRCC.

### ***Manner of managing claims***

19. In managing claims, the Licensee:
- (a) must be guided by equity, good conscience and the substantial merits of the case without regard to technicalities;
  - (b) is not required to conduct a hearing; and
  - (c) is not bound by the rules of evidence.

### ***Management systems***

20. The Licensee must co-operate with, and give reasonable assistance to, the SRCC or its representatives in respect of any targeted reviews and evaluations of the Licensee to be conducted by the SRCC or its representatives.
21. The Licensee must report to the SRCC as required in accordance with the Performance Standards and Measures to demonstrate that it has maintained its Claims Management, Rehabilitation and WHS management systems, as advised to Comcare.

### ***Reviews and proceedings***

22. The Licensee must inform Comcare as soon as practicable of any court or tribunal proceedings in relation to a matter arising in respect of a claim managed by the Licensee under the SRC Act.
23. The Licensee must give to Comcare, within the timeframe specified in the request, any information or documents that Comcare requests in respect of any court or tribunal proceedings in relation to a matter arising in respect of a claim managed by the Licensee under the SRC Act.

24. The Licensee must not cause, or permit to be made on its behalf to a court or tribunal any submission that Comcare or the SRCC requests the Licensee not to make.

***Failure to comply with conditions or change in circumstances***

25. The Licensee must notify Comcare in writing as soon as practicable of any event or likely event that is relevant to the application of the SRC Act to the Licensee, this may include but is not limited to:
- (a) the Licensee has not complied with, or is likely to fail to comply with, a condition of this licence; or
  - (b) any change that may impact on the Licensee's capacity to meet its liabilities under the SRC Act, including change to the Licensee's underlying financial position; or
  - (c) changes to its legal structure, ownership or control; or
  - (d) any significant change in its employee numbers or significant change in the risk profile of the work undertaken by its employees.

***Information recording, retrieval and reporting requirements***

26. The Licensee must keep all material brought into existence in connection with the Licensee's operations under this Licence and the SRC Act, including but not limited to, all files, correspondence, data, manuals, policies, records, reports, opinions, audits, receipts and other information identified by the SRCC from time to time as relevant to the operation of the Licence.
- 26.A This information may be requested in writing by the SRCC with at least 14 days' notice.
- 26.B The Licensee is to ensure the information is maintained in a form accessible by the SRCC or Comcare for a period of at least seven years.

***Claims Manager***

*[only include conditions 27 to 32 where a third party claims manager is authorised to manage claims on behalf of the Licensee (clause 8)]*

27. The Licensee is authorised to manage claims and is responsible for ensuring the Claims Manager complies with the relevant conditions of this licence.
28. The Licensee must enter into and maintain a written contract with the Claims Manager and give a copy of the contract to the SRCC if requested.
29. The Licensee must ensure that each of the obligations imposed by this licence on the Claims Manager are included in the contract between the Licensee and the Claims Manager and that the Claims Manager warrants, under the contract, to comply with the conditions imposed by this licence.
30. In addition to other conditions in this licence which are applicable to the Claims Manager, the Claims Manager must:
- (a) not do, or omit to do, anything which would put the Licensee in breach of any term or condition of this licence;

- (b) not undertake, or cause to be undertaken, any surveillance of an employee, unless it has the prior written approval of the Licensee;
  - (c) implement appropriate structures and mechanisms to ensure the consistent application of policy and procedures in respect of the management of claims;
  - (d) when requested in writing by the SRCC to provide information to it, to provide the information to the SRCC in the timeframe specified in the request;
  - (e) provide the SRCC or its representative with unrestricted access to documents and records in the possession or control of the Claims Manager in so far as the documents relate to matters arising under the SRC Act; and
  - (f) inform the Licensee as soon as practicable after it becomes aware that the Claims Manager has done or omitted to do something which has the effect that the Licensee is, or is likely to be, in breach of a term or condition of this licence.
31. The Licensee must be accountable for all claims management policies issued by the Claims Manager and the recording and forwarding of claims management data to Comcare as requested.
32. The Licensee must notify the SRCC in writing as soon as practicable after it becomes aware that the Claims Manager has done, or omitted to do, something which has the effect that the Licensee is, or is likely to be, in breach of a term or condition of this licence.

### **Performance conditions**

33. The Licensee must comply with the Performance Standards and Measures approved by the SRCC from time to time.

### **Prudential conditions**

#### ***Liability report***

34. The Licensee must SRCC a written report (**Liability Report**) in respect of each Financial Year and calculated as at the end of that Financial Year.
35. The Liability Report must:
- (a) be prepared by a Fellow of the Institute of Actuaries of Australia (IAA), or any body substituted thereof, with at least five years' post-qualification experience as an actuary in general insurance;
  - (b) be prepared by an actuary who is not an employee or a partner of the organisation which provides financial audit services to the Licensee or who in any way has a material financial dependence on the auditor;
  - (c) be prepared drawing on any available expert advice and substantially using *IAA Professional Standard 302: Valuations of General Insurance Claims*, or any standard substituted thereof, as the basis of estimation, with any departure from this standard to be highlighted in the report;
  - (d) be prepared using the Risk Free Rate in discounting the expected future claims payments of insurance liabilities;
  - (e) be addressed by the actuary to the SRCC; and

- (f) be provided by the Licensee to the SRCC within 131 days of the end of the Financial Year to which it relates.

*Note: If the actuary determines the Risk Free Rate using instruments other than Commonwealth Government Securities that relate to the term of the future claim liability cash flows of the Licensee, the actuary must justify the reason for doing so in the Liability Report.*

36. The Liability Report must:

- (a) estimate the Outstanding Claim Liability of the Licensee to pay compensation and other amounts under the SRC Act in accordance with the scope of this licence as follows:
- (i) contain a recommendation for the level of provisions in the Licensee's accounts which must be made to at least the net unbiased estimate of the mean (statistical expectation) of the Outstanding Claim Liability; and
  - (ii) contain a valuation of current Outstanding Claim Liability and the projected Outstanding Claim Liability in 12/18/24\* months' time;
- \*Note: 12 months for Licensees in the 6th or more year of licence; 18 months for Licensees in the 4th-5th year of licence; 24 months for Licensees in the 1st-3rd year of licence;*
- (b) contain a breakdown of the current and non-current liability components of the Licensee's Outstanding Claim Liability as estimated in accordance with condition 36(a);
- (c) contain a recommendation of the maximum reinsurance policy retention amount (**Recommended Excess Amount**) referred to in the Reinsurance conditions;
- (d) make an assessment of the financial capacity of the Licensee to meet amounts, from the balance sheet, up to the Recommended Excess Amount;
- (e) describe the arrangements for compliance with the Reinsurance conditions and provide an assessment by the actuary of whether the arrangements are appropriate to meet the Licensee's obligation under condition 56; and
- (f) contain the calculations used to determine the required amount of the Guarantee pursuant to conditions 51 and 52.

37. The SRCC may at its discretion submit a Liability Report to a peer review process.

38. After receiving a peer review assessment of a Liability Report, the SRCC may by written notice to the Licensee require a Second Liability Report by an actuary approved by the SRCC.

39. If any of the changes in circumstances outlined in condition 25(b), (c) or (d) occur, the SRCC may, by written notice to the Licensee, require the Licensee to obtain an Updated Liability Report that is to be prepared in accordance with conditions 34 to 36.

40. The SRCC may direct the date for provision of a Second Liability Report and/or an Updated Liability Report.

41. Unless the SRCC directs otherwise, the Licensee must pay for a Second Liability Report and/or an Updated Liability Report.
42. If the SRCC receives a Second Liability Report or an Updated Liability Report, it (or, where the SRCC receives both a Second Liability Report and an Updated Liability Report, the most recent of these reports) replaces the original Liability Report and:
- (a) references in this licence to the Liability Report are to be construed as references to the Second Liability Report or the Updated Liability Report (whichever is applicable); and
  - (b) references in this licence to the actuary who prepares the Liability Report are to be construed as references to the actuary who prepares the Second Liability Report or the Updated Liability Report (whichever is applicable).

### **Yearly Accounts**

43. The Licensee must:

- (a) lodge with the SRCC a copy of:
  - (i) any report that it is required to prepare or obtain for a Financial Year under Division 1 of Part 2M.3 of the *Corporations Act 2001* (Cth) within 131 days of the end of that Financial Year;
  - (ii) any periodic financial information regarding the affairs of the Licensee for a Financial Year that it is required to give to any financial market as defined in the *Corporations Act 2001* (Cth) (for example, in respect of the Australian Stock Exchange this would be information that must be given under Listing Rule 4.3B) within 131 days of the end of that Financial Year. For the avoidance of doubt this condition does not require the Licensee to provide information that is released to the financial market pursuant to the Licensee's continuous disclosure obligations;
  - (iii) if the Licensee is not required to report in accordance with Division 1 of Part 2M.3 of the *Corporations Act 2001* (Cth) because its parent company is required to report in accordance with Division 1 of Part 2M.3 of the *Corporations Act 2001* (Cth), then the Licensee must provide any report that the parent company is required to prepare or obtain for a Financial Year under Division 1 of Part 2M.3 of the *Corporations Act 2001* (Cth) within 131 days of the end of that Financial Year;
  - (iv) if the Licensee (or its parent company) is not required to report in accordance with Division 1 of Part 2M.3 of the *Corporations Act 2001* (Cth) and the parent company is a company not subject to the laws of Australia then the Licensee's parent company must prepare a financial report and directors' report as if it was required to comply with Division 1 of Part 2M.3 of the *Corporations Act 2001* (Cth), including having that report audited in accordance with that Part, and must give the report to the SRCC within 131 days of the end of the Financial Year; and
- (b) include, and identify, in any report or information referred to in condition 43(a), provision for meeting the Licensee's Outstanding Claim Liability (current and non-current) under the SRC Act in accordance with the scope of this licence as at the end of the Financial Year to which the report or information relates.



44. The Licensee must ensure that:

- (a) the provision mentioned in condition 43(b) is consistent with the written evaluation in the Liability Report of the Licensee's Outstanding Claim Liability (current and non-current) for the Financial Year; and
- (b) any apparent discrepancies in the provision mentioned in condition 43(b) and the written evaluation in the Liability Report of the Licensee's Outstanding Claim Liability (current and non-current) for the Financial Year are explained in the notes section of the financial report or information in which the provision mentioned in condition 43(b) is included and identified.

## **Guarantee**

### **Select from:**

*Option A for conditions 45 to 47 (Where it is not a condition of Licence that the Licensee is party to a Deed of Cross Guarantee or Deed of Guarantee and Indemnity)*

45. The Licensee must at all times have in place a Guarantee for the due discharge of its liability to pay compensation and other amounts under the SRC Act in accordance with the scope of this licence.
46. Subject to the exceptions in conditions 47 and 48, the Licensee must obtain a new Guarantee under condition 45 each Financial Year.
47. If the SRCC determines that the Licensee is a low-risk licensee for a Financial Year, the Licensee is not required to obtain a new Guarantee under condition 45 that Financial Year unless:
- (a) the required Guarantee amount for the Licensee for that Financial Year (as calculated under conditions 51 and 52) increases by \$300,000\* or more from the required Guarantee amount for the Licensee for the Financial Year in which it obtained its existing Guarantee under condition 45 (as calculated under conditions 51 and 52); or
  - (b) 5 years have elapsed since the Licensee last obtained a new Guarantee under condition 45.

*\* Note: The \$300,000 value is subject to indexation (based on CPI) annually.*

*Option B for conditions 45 to 47 (Where it is a condition of Licence that the Licensee is a party to a Deed of Cross Guarantee or a Deed of Guarantee and Indemnity)*

45. The Licensee must at all times have in place a Guarantee for the due discharge of its liability to pay compensation and other amounts under the SRC Act in accordance with the scope of this licence unless:
- (a) the SRCC determines that the Licensee is currently a low-risk licensee;
  - (b) the current required Guarantee amount for the Licensee (as calculated under conditions 51 and 52) is less than \$300,000\*; and
  - (c) [Insert the name of the entity which controls the Licensee and is a party to the Deed of Cross Guarantee or Deed of Guarantee and Indemnity], ABN [insert ABN of that entity], has an issuer credit rating of or equivalent to a Standard and

Poor's AA- or better.

*\* Note: The \$300,000 value is subject to indexation (based on CPI) annually.*

46. Subject to the exceptions in conditions 47 and 48, if the Licensee is required to obtain a Guarantee under condition 45 it must obtain a new Guarantee under that condition each Financial Year.
47. If the SRCC determines that the Licensee is a low-risk licensee for a Financial Year, the Licensee is not required to obtain a new Guarantee under condition 45 that Financial Year unless:
- (a) the required Guarantee amount for the Licensee for that Financial Year (as calculated under conditions 51 and 52) increases by \$500,000\* or more from the required Guarantee amount for the Licensee for the Financial Year in which it obtained its existing Guarantee under condition 45 (as calculated under conditions 51 and 52); or
  - (b) 5 years have elapsed since the Licensee last obtained a new Guarantee under condition 45.

*\* Note: The \$500,000 value is subject to indexation (based on CPI) annually.*

48. The Licensee is not required to obtain a new Guarantee under condition 45 for a Financial Year if the required Guarantee amount for the Licensee for that Financial Year (as calculated under conditions 51 and 52) is less than or equal to the Guarantee amount of the Licensee's existing Guarantee under condition 45.
49. The Guarantee obtained under condition 45 must be:
- (a) in the form and subject to the terms agreed in writing by the SRCC; and
  - (b) for an amount calculated by the actuary in accordance with the Guarantee conditions (conditions 45 to 55 inclusive) and specified in the Liability Report for that Financial Year; and
  - (c) obtained from a corporation that is authorised by APRA to carry on:
    - (i) banking business in Australia under the Banking Act 1959 (Cth) and has an issuer credit rating of or equivalent to a Standard and Poor's AA- or better; or
    - (ii) insurance business in Australia under the Insurance Act 1973 (Cth) and has an issuer credit rating of or equivalent to a Standard and Poor's AA- or better and a financial strength rating of or equivalent to a Standard and Poor's AA- or better.
50. The Licensee must provide the original of the Guarantee to the SRCC within 170 days of the start of the first Financial Year to which the Guarantee relates.
51. The Guarantee must be for an amount calculated by the actuary as the greater of:
- (a) the 95th percentile of the Licensee's Outstanding Claim Liability under the SRC Act in accordance with the scope of this licence at the Balance Date and the addition of the Excess Amount; or
  - (b) the 95th percentile of the Licensee's projected Outstanding Claim Liability under the SRC Act in accordance with the scope of this licence in 12/18/24 months\* time from the Balance Date and the addition of the Excess Amount.

*\*Note: 12 months for Licensees in the 6th or more year of licence; 18 months for Licensees in the 4th-5th year of licence; 24 months for Licensees in the 1st-3rd year of licence.*

*Note: The liability calculations under condition 51 are to include an allowance for the cost of administering claims under this licence and be calculated net of reinsurance recoveries.*

52. In calculating the amount of the Guarantee, the Licensee must direct the actuary to:
- (a) calculate existing and projected estimates of the Licensee's Outstanding Claim Liability under the SRC Act in accordance with the scope of this licence to the 95th percentile and to include this result in the Liability Report; and
  - (b) base the calculation on a full statistical analysis of data, trends and variability and according to any relevant IAA standards and guidelines on liability valuation for general insurance.
53. If the Licensee obtained a Guarantee under condition 45, the Licensee may at any time provide to the SRCC a new Guarantee obtained under condition 45 that, if prepared in accordance with conditions 49, 51 and 52, will replace the existing Guarantee obtained under condition 45.
54. If the SRCC identifies a financial risk with respect to the suitability of the financial institution from which the Licensee has obtained its current Guarantee under condition 45 and requests, after consulting with the Licensee, that the Licensee obtain a new Guarantee under condition 45, the Licensee must:
- (a) comply with this request within 3 months or, if applicable, an alternative timeframe specified in the request; and
  - (b) ensure that the new Guarantee is prepared in accordance with conditions 49, 51 and 52.
55. If the guarantor under a Guarantee obtained by the Licensee under condition 45 discharges its financial obligation under that Guarantee by making payment to Comcare of its total liability or amounts which when aggregated equal its total liability, Comcare must return that Guarantee to the guarantor.

### **Reinsurance**

56. The Licensee must maintain an appropriate level of reinsurance to limit its liability to pay compensation and other amounts under the SRC Act in accordance with the scope of this licence from an insurance company that is authorised by APRA to carry on insurance business under the *Insurance Act 1973* (Cth) (**Reinsurance Policy**).
57. The excess of loss amount applicable under the Reinsurance Policy for any single event (**Excess Amount**) must not, unless the SRCC directs otherwise, be higher than the Recommended Excess Amount.
58. The Licensee must:
- (a) if an amended reinsurance policy or a reinsurance policy from a new provider is obtained under condition 56, provide a copy of that reinsurance policy to the actuary and the SRCC within 130 days of the start of the first Financial Year to which that reinsurance policy relates;



- (b) provide a copy of the current certificate of currency for the Reinsurance Policy to the SRCC within 130 days of the start of the first Financial Year to which the certificate of currency relates;
- (c) notify the SRCC of any increases to the Excess Amount in the Reinsurance Policy; and
- (d) only obtain a reinsurance policy under condition 56 with an excess of loss amount that exceeds the Recommended Excess Amount if the SRCC provides prior approval.

#### **Deed of Cross Guarantee**

*[only include this subheading and conditions 59 to 61 below where there is a deed of cross guarantee]*

#### **59. The Licensee:**

- (a) must at all times be a party to the Deed of Cross Guarantee in accordance with conditions 59 to 61 of this licence; and
- (b) must not engage in any act or omission that may compromise the enforceability of the Deed of Cross Guarantee.

#### **60. In this licence a reference to the Deed of Cross Guarantee is a reference to:**

- (a) the Deed of Cross Guarantee, made on [insert date], as amended or varied from time to time in accordance with its terms, to which the following were parties at the date of execution:  
[list down the parties at the date of execution and their ACN numbers];
- (b) where the SRCC, in its absolute discretion, notifies the Licensee in writing that another, alternative, Deed of Guarantee will satisfy the requirements of conditions 59 to 61 of this licence, that Deed.

#### **61. In relation to the Deed of Cross Guarantee referred to in condition 59 above the Licensee must:**

- (a) be a party to that Deed for at least seven (7) years following the Licence Period, as varied from time to time;
- (b) if that Deed is amended or varied, including if:
  - (i) another entity becomes a party to that Deed; or
  - (ii) a party to that Deed ceases to be a party,provide a copy of the document amending or varying that Deed to the SRCC within 30 days of the amendment or variation; and
- (c) notify the SRCC within 7 days if:
  - (i) the Australian Securities and Investments SRCC informally or formally raises any issues in relation to that Deed; or
  - (ii) the Licensee becomes aware of any reason why a creditor of the Licensee may not be able to enforce that Deed.

Dated the [insert day] day of [insert month] [insert year].

Chairperson  
Safety, Rehabilitation and Compensation SRCC

# Attachment B – Licensee Compliance and Performance Improvement (LCPI) Annual Report Template



Australian Government  
Safety, Rehabilitation and  
Compensation Commission

## Licensee Compliance and Performance Improvement Report Template

Annual reporting on performance by licensed self-insurers under the *Safety, Rehabilitation and Compensation Act 1988*

**Note:** *This template is for guidance purposes. Licensees are welcome to use the template without modification, or to prepare the LCPI report in their own branding and preferred formatting and orders, as best suits their requirements.*

**Page limit:** *The report should be no more than 20 pages in total (10 pages for the report with the certification, and 10 pages for any supporting information provided as attachments).*

### Enquiries

To obtain further information contact your  
Account Manager or:  
Comcare  
Phone: 1300 366 979

|              |                            |
|--------------|----------------------------|
| Version:     | 1.3                        |
| Release date | September 2019             |
| Prepared by: | Self-Insurance,<br>Comcare |
| Review date: | July 2020                  |

## 1. Overview and introduction

Provide a short statement addressing the following items for the previous year with a focus on information covering the working environment of the licensee (what, if anything, is changing in the licensee's industry, workplaces or operations).

- Key challenges and successes;
- Changes in the organisation to senior leadership; significant resourcing changes affecting WHS, rehabilitation and/or claims functions; and IT system changes (major corporate change should be advised at the time it occurs);
- Other key information about licensing arrangements or business operations.

Provide the organisational charts for the teams responsible for managing compliance with its self-insurance licence (claims, rehabilitation and prevention) as an attachment (limit: one page).

## 2. Year in review

This section sets out how the licensee has performed in the prior year.

### 2.1 Performance

Reflecting on the licensee's performance across the entire previous year, provide information on the drivers contributing to performance results and identify any themes, if any, arising from last year's performance.

### 2.2 Management systems

Set out what was planned for the maintenance of management systems for the past year and progress against planned actions. For example, activities (other than audits unless this hasn't been reported in quarterly performance reports to the SRCC) undertaken to improve the function.

| System             | Activity | Undertaken by | Outcome/result |
|--------------------|----------|---------------|----------------|
| Work health safety |          |               |                |
| Claims management  |          |               |                |
| Rehabilitation     |          |               |                |

### 2.3 Information and reporting results

Licensees to request information on licensee data load results for timeliness and accuracy of data submissions from Comcare.

Licensees to provide context explaining any issues with data submission over the previous year.

## 3. Year/s ahead

### 3.1 Strategies and goals for coming year – reactive and proactive

In consideration of the themes identified at 2.1, and existing strategies, capture the reactive and proactive strategies the licensee will undertake in the coming year.

This section should also set out the strategies and goals the licensee sought to implement or achieve in the previous year and their current status.

Reactive Strategies refers to strategies arising from performance issues. Reactive Strategies should only be included below if they have not previously been reported to the SRCC through quarterly performance reports. However, Reactive Strategies should be included below if they have been reported in the quarterly performance reports but have not progressed and with an explanation as to why.

Proactive Strategies are ones the licensee is adopting to promote a healthy workplace.

All numbered strategies and goals previously reported to the SRCC should be addressed here (including if they have not been progressed and why).

| <b>Reactive</b>  | <b>Strategy</b> | <b>Goal</b> | <b>Achievement or Outcome – Completed, Partially Completed, Delayed</b> |
|------------------|-----------------|-------------|---|
| R1               |                 |             |   |
| R2               |                 |             |   |
| R3               |                 |             |   |
| R4               |                 |             |   |
| <b>Proactive</b> | <b>Strategy</b> | <b>Goal</b> | <b>Achievement or Outcome – Completed, Partially Completed, Delayed</b> |
| P1               |                 |             |   |
| P2               |                 |             |   |
| P3               |                 |             |   |
| P4               |                 |             |   |

### **3.2 Management systems for the coming year**

What is planned to maintain and improve management of systems over the next year? List planned actions and activities (other than audits unless the audits have not been reported in quarterly performance reports to the SRCC).

| <b>System</b>      | <b>Activity</b> | <b>Undertaken by</b> | <b>Why this activity, what is the expected outcome and when will it be completed</b> |
|--------------------|-----------------|----------------------|--|
| Work health safety |                 |                      |  |
| Claims management  |                 |                      |  |
| Rehabilitation     |                 |                      |  |

## Conclusion and certification

Summary of performance, Executive sign-off and Comcare verification.

Reporting Period: \_\_\_\_\_

I, \_\_\_\_\_ of \_\_\_\_\_  
**CEO/Executive Manager** **Licensee name**

certify that this LCPI Report:

- a) was completed in accordance with the requirements of the Safety, Rehabilitation and Compensation Commission;
- b) accurately reflects the activities undertaken under the Licensee Compliance and Performance Improvement model by **(insert Licensee name)** in the reporting period; and
- c) accurately describes **(insert Licensee name)**'s performance in the reporting period.

## Special Conditions of Licence **(delete if not applicable)**

I certify that **(insert Licensee name)** has fully complied with the Special Conditions of its self-insurance licence during the reporting period.

**SIGNED**

\_\_\_\_\_

**DESIGNATION**

\_\_\_\_\_

**DATE**

\_\_\_\_\_

# Attachment C – Prudential and Financial Framework

## Overview

The SRCC must be satisfied at the time of granting a licence, throughout the term of a licence and, in some cases, after the expiry of a licence, that a self-insured licensee can meet its financial obligations under the SRC Act in accordance with the scope of its licence. The licence conditions include a suite of prudential conditions aligned with the SRC Act example conditions<sup>3</sup> to ensure the licensee manages its self-insurance risk prudently.

A licensee's financial risk rating is the central performance/risk measure for the prudential conditions of licence. This ensures a licensee assessed as being at elevated risk of not meeting its licence obligations is more closely monitored than a low risk licensee.

The SRCC's framework is shown on the following page:

## Prudential conditions

The complete prudential conditions of licence required by the SRCC are included in the licence template.

The prudential conditions comprise:

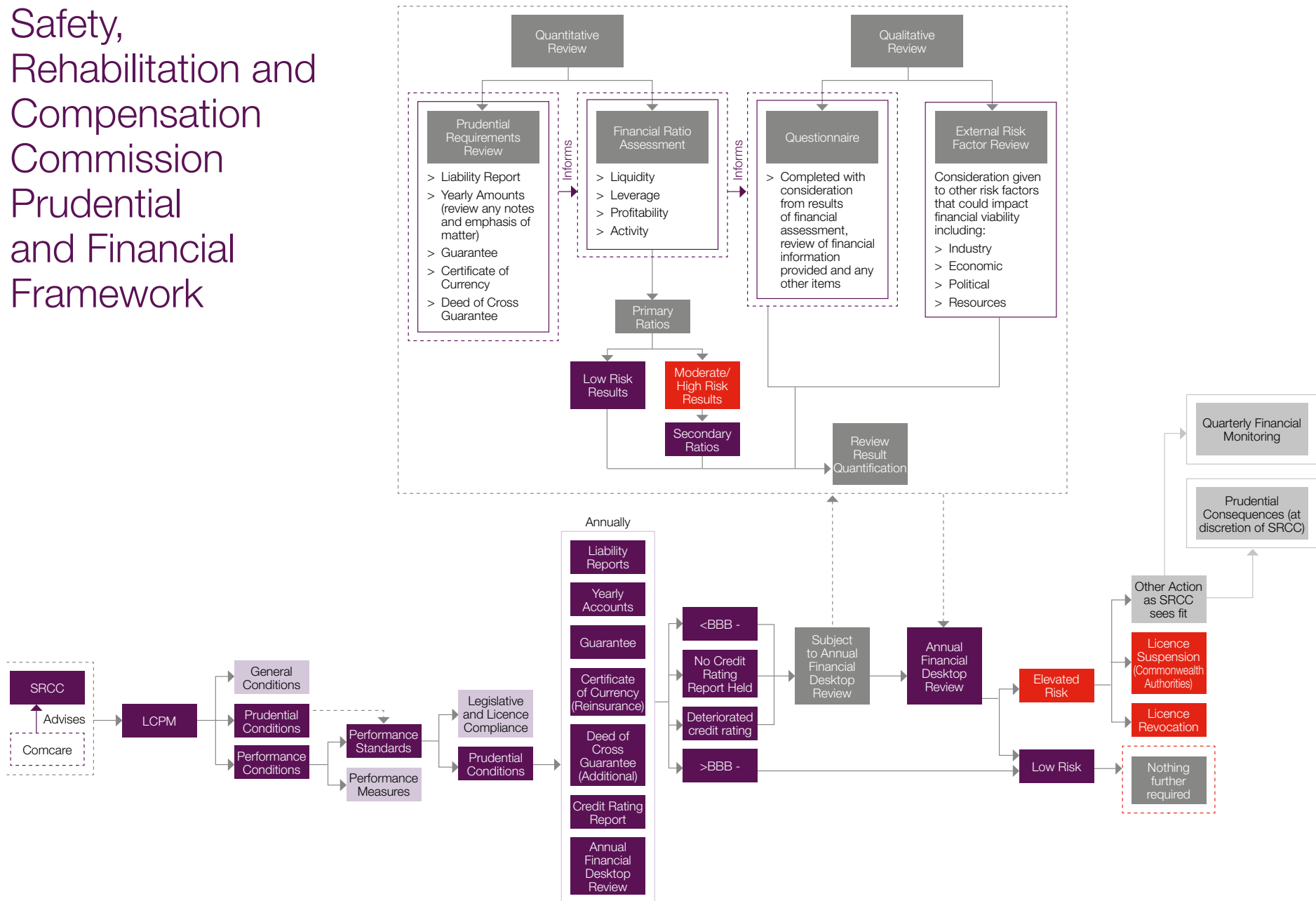
- liability report (an annual assessment by an actuary of a licensee's liability under the SRC Act in accordance with the licence scope)
- yearly accounts (annual audited annual financial statements) (including an annual provision in the accounts for a licensee's outstanding liability, split into current and non-current amounts, consistent with the actuary's calculation in the liability report)
- reinsurance to limit a licensee's liability to pay compensation and other amounts under the SRC Act in accordance with the licence for any single event/large claims
- securing of the licensee's liability or projected liability at the 95th percentile, whichever is the greater, at the licensee's end of financial year (EOFY) including the addition of the reinsurance excess amount
- Deed of parent/cross guarantee/indemnity (as required by the SRCC).

The SRCC's bank guarantee and insurer guarantee templates are available on request from Comcare's Self Insurance team.

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<sup>3</sup> Section 108D

# Safety, Rehabilitation and Compensation Commission Prudential and Financial Framework



## Annual financial assessment

The SRCC annually determines a financial risk rating of all licensees excepting the Reserve Bank of Australia (RBA). The annual determination is made in one of two ways:

- determining a licensee as 'low' risk based on a credit ratings agency assessment (evidenced through provision of the credit rating report)

OR

- annual financial desktop review (AFDR).

Where the licensee is not required by the Australian Securities & Investments Commission (ASIC) to provide financial reporting under the *Corporations Act 2001* (Cth) (Corporations Act) and its financial arrangements are related to the financial arrangements of another subsidiary or group of subsidiaries of the same ultimate holding entity, the ultimate holding entity is the subject of the annual financial assessment.

Where the entity assessed as having sufficient resources is not the licensee, the SRCC requires the licence to include an additional prudential condition requiring the licensee to maintain the deed of parent/cross guarantee.

## Credit rating reports

The SRCC determines a licensee as 'low' risk if the licensee:

- obtains Standard and Poor's (S&P) credit rating BBB- or higher (investment grade) (or equivalent rating from a credit ratings agency acceptable to the SRCC).

However, a licensee will be subject to an AFDR if its credit rating for the financial year falls by:

- three or more ratings within a three-year timeframe (for example AA down to A)
- two ratings in the one year and the licensee moves from an upper medium grade credit rating to a lower medium grade credit rating (for example A- down to BBB)
- two ratings in the one year and the starting point rating is within the lower medium grade rating (for example ie BBB+ down to BBB-)

The SRCC accepts a credit ratings report from the three credit ratings agencies which hold an Australian Financial Services Licence (AFSL) within Australia, and which are registered through the Australian Office of Financial Management: S&P, Moody's and Fitch Ratings (Fitch).

In the event that the licensee provides multiple credit rating reports to the SRCC, the SRCC uses the lowest credit rating result to determine the licensee's annual risk rating. A comparative credit ratings table of the three credit ratings agencies' ratings is included in Attachment C Appendices.

## Annual financial desktop review

The annual financial desktop review (AFDR) is completed by a member of Comcare's financial panel. The panel of accounting firms contracted by Comcare to deliver the SRCC's financial assessment and monitoring services is established through open tender.

An AFDR is required where a licensee:

1. does not have or provide a credit ratings agency assessment
2. has an S&P credit rating assessment below BBB- (or equivalent rating from a credit ratings agency acceptable to the SRCC)
3. has a credit rating assessment deterioration which triggers an AFDR (see above).



Where a licensee's financial position is assessed at 'elevated' risk, Comcare reports this to the SRCC at the next quarterly meeting or otherwise as appropriate. Comcare's reporting incorporates licensee context and/or additional information and recommends regulatory action in accordance with the SRCC's staged approach for the SRCC's decision.

## Continuous monitoring

An elevated annual risk assessment will trigger continuous monitoring by Comcare's financial panel of media, ratings agency sites, ASIC, the Australian Stock Exchange and any other relevant sites. The SRCC may also require the panel member (panellist) to monitor and/or review the licensee's cash flow forecasts, profit and loss forecasts, or the licensee's balance sheet and net asset position.

The SRCC may also consider imposing additional prudential consequences on a licensee assessed as elevated risk, in line with its regulatory response framework. This may involve requiring a licensee which is part of a broader corporate group to procure a parent/cross guarantee.

Throughout a year, a licensee may experience a significant event that impacts its prudential and/or financial risk. This may result from a change in a licensee's underlying financial position or legal structure, ownership or control or a change in a licensee's employee numbers or in the risk profile of the work undertaken by its employees.

If such an event occurs, the licensee is required to advise Comcare. Comcare's reporting to the SRCC identifies the event, relevant information and whether a licensee's financial risk may have increased since its most recent annual financial assessment. Comcare's reporting incorporates licensee context and/or information and recommends regulatory action for the SRCC's consideration. The SRCC may require continuous monitoring to be undertaken or other prudential action.

## Financial Viability Assessment

The SRCC must be satisfied at the time of granting a licence that a self-insured licensee can meet its obligations under the SRC Act in accordance with the scope of its licence.

The Financial Viability Assessment is conducted for all licence applicants and is almost identical to the AFDR. The *Safety, Rehabilitation and Compensation Regulations 2019* (Cth) require the applicant subject to the viability assessment to provide five years of audited financial statements.

## Appendices

Annual financial desktop review (AFDR):

- Guidance
- Financial indicator suite
- Financial indicator assessment process
- Prudential review
- Questionnaire
- External risk factor review
- Credit rating tiers

## Annual Financial Desktop Review – Guidance

The AFDR provides an annual financial risk assessment of a licensee. Where the licensee is not required by the ASIC to provide financial reporting under the Corporations Act and its financial arrangements are related to the financial arrangements of another subsidiary or group of subsidiaries of the same ultimate holding entity, the ultimate holding entity is the subject of the annual financial assessment. The AFDR must advise which organisation is the subject of the AFDR and the financial reason for this.

### Quantitative review

The first section of the AFDR process is the quantitative review. The quantitative review comprises the financial indicator assessment and prudential review.

### Financial Indicator Assessment

#### Financial indicators

The panellist assesses the licensee's financial position based on a range of key financial ratios. The financial ratios are detailed in the table below.

- Indicators are also rated as either critical or non-critical.
  - The critical ratios comprise: liquidity, leverage and profitability. Elevated risk in one of these ratios may indicate financial viability concerns with the licensee. Industry considerations would still need to be considered as ratios across industries can vary.
  - The activity ratios are defined as non-critical as these indicators provide a weaker indication of financial viability.
- Indicators are ranked as primary or secondary ratios.
  - The primary ratios only are assessed in the first instance.
  - The secondary ratios are only completed in the event that the primary ratio risk rating falls into one of the two 'elevated' risk categories ('moderate' or 'high' risk).

The indicators comprise:

#### Liquidity Ratios

- These ratios measure a licensee's ability to cover its debts. They are a key measure indicating solvency.
- Liquidity Ratios benchmarks are a starting point for assessment. However, it is acknowledged that liquidity varies according to industry and industry fluctuations.

#### Leverage Ratios

- These ratios measure the level of debt carried by an entity. Significant levels of debt may be detrimental to the on-going viability of a licensee.
- Leverage Ratios benchmarks are a starting point for assessment. However, it is acknowledged that leverage varies according to industry and industry fluctuations.

## Profitability Ratios

- These ratios measure a licensee's ability to generate earnings. An unprofitable entity may be at elevated risk of insolvency.
- 'EBITDA (Earnings before interest, tax, depreciation and amortisation) /Revenue' ratio is an alternative ratio to the 'Gross Profit Margin' ratio which is not applicable to some licensees such as service entities. Either ratio can be used to assess the licensee's profitability.
- As profitability varies according to industry and industry fluctuations, individual licensee profitability trend data will be used to measure a licensee's performance in the most recent financial year against the licensee's historical performance.
- Trend information for a minimum of three financial years should be considered.

## Activity Ratios

- These ratios measure a licensee's activity. Licensees will advise how activity ratios are calculated in their business.
- As activity varies according to industry and industry fluctuations, individual licensee activity trend data will be used to measure a licensee's performance in the most recent financial year against the licensee's historical performance.
- Trend information for a minimum of three financial years should be considered.

## Assessment Process

A flow chart setting out the assessment process is provided below.

The key elements of the process are:

- All indicators, critical and non-critical, should be assessed.
- The primary ratios only are assessed in the first stage of the assessment process.
- Each indicator is assigned a risk rating to assist the panellist in identifying if the licensee may be at 'elevated' risk based on the ratio assessed.
- If the primary ratio risk rating is assessed as 'moderate' or 'high', that is, one of the two 'elevated' risk categories, in one of the critical ratio categories (liquidity/leverage/profitability), the secondary ratios must be assessed.
- The secondary ratios assist in more accurately determining whether the elevated risk identified from the primary ratio(s) is an anomaly or a genuine concern.
- All secondary ratios in the relevant critical category should be calculated in this instance. An assessment of all secondary ratios provides an opportunity to move a licensee to a 'low' risk rating and/or obtain additional contextual financial information.
- If the AFDR identifies a ratio as 'low' risk, the qualitative review is not required.
- If a licensee is rated at 'elevated' risk for one critical ratio category, a licensee will not be automatically assessed as being at 'elevated' risk overall. The second stage of assessment, the qualitative review, is undertaken by the panellist before assigning the final risk rating assessment.
- Finally, if the 'elevated' risk remains following completion of the qualitative review, context/additional information will be sought from the licensee prior to the panellist awarding an annual 'elevated' risk rating.

## Prudential Review

The second section of the quantitative review is the prudential review.

The panellist reviews the prudential information submitted by licensees to Comcare as part of its licence conditions. This review provides the SRCC assurance on whether the prudential licence conditions have been met.

This section of the report must provide clear recommendations to Comcare for any required action.

## Qualitative Review

The second stage of the AFDR assessment process is the qualitative review. This is only undertaken if a licensee is assessed at 'elevated' risk for one critical category.

The qualitative review comprises the questionnaire and external risk factor review. The questionnaire facilitates the consideration of qualitative, industry or licensee specific issues relevant to the assessment. The external risk factor review seeks to identify external risk factors such as economic or political factors which could impact the financial position of the licensee.

The questionnaire and external risk factor review are detailed below.

## Risk Assessment

The AFDR report must provide a clear risk rating of the licensee's financial position, either 'low' risk or 'elevated' risk, including the evidence base for the rating, and clear recommendations to Comcare for any required action.

Following completion of the qualitative review, if the panellist's AFDR assesses the licensee at 'low' risk of failing to meet its financial obligations under the SRC Act in accordance with the scope of its licence, the panellist provides the AFDR to Comcare.

If, after completing the qualitative review, the panellist's AFDR assesses the licensee at 'elevated' risk of failing to meet its financial obligations under the SRC Act, the panellist advises Comcare accordingly. Comcare advises the licensee of the panellist's assessment and evidence base of the assessment. The licensee has the opportunity to provide additional information/context to Comcare for the panellist's review. The panellist modifies or maintains the risk assessment and provides the AFDR to Comcare.

Comcare reviews the AFDR, risk assessment and recommendations for action, reporting to the SRCC at the next quarterly meeting or otherwise as appropriate. Comcare's reporting incorporates licensee context and/or additional information and recommends regulatory action in accordance with the SRCC's staged approach for the SRCC's decision.

## Annual Financial Desktop Review: Financial indicator suite

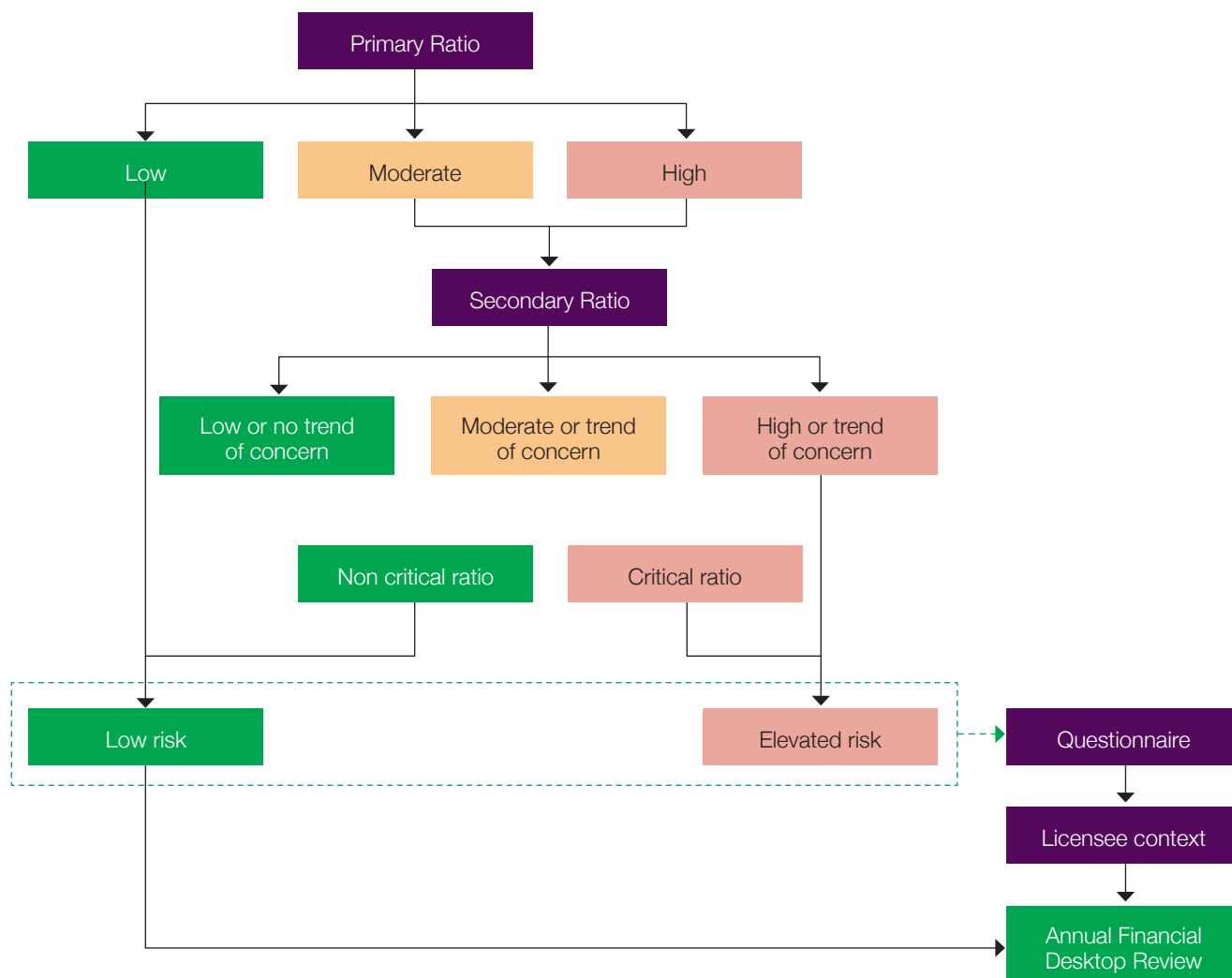
| Ratio Category          | Ratio                           | Formula   | Commentary   | Ranking          | Rating          |           |              |
|-------------------------|---------------------------------|---|--|------------------|-----------------|-----------|--------------|
|                         |                                 |   |  |                  | Low             | Moderate  | High         |
| <b>Liquidity Ratios</b> | Quick Ratio                     | $(\text{Current Assets} - \text{Inventories}) / \text{Current Liabilities}$   | This is identical to the Current Ratio, with the removal of inventory as inventory is not as easily converted to cash  | <b>Primary</b>   | 1 or greater    |           | 1 or less    |
|                         | Current Ratio                   | $\text{Current Assets} / \text{Current Liabilities}$                          | Measurement of an entity's ability to meet short term obligations with current assets held. Low risk organisations have a 1.5 or greater assets to liability ratio.                                      | <b>Secondary</b> | 1.5 or greater  | 1 - 1.5   | 1 or less    |
| <b>Leverage Ratios</b>  | Balance Sheet Ratio             | $\text{Total Assets} / \text{Total Liabilities}$                              | Demonstrates the relationship between an entity's total assets and tangible assets and its liabilities. These are the entity's physical assets (property, cash, investments, inventory and receivables). | <b>Primary</b>   | 1.5 or greater  | 1 - 1.5   | 1 or less    |
|                         | WC Liability Ratio <sup>4</sup> | $(\text{Current Assets} - \text{Current Liabilities}) / \text{WCL Provision}$ | Ratio Indicates an entity's net assets as a proportion of its workers' compensation liabilities (WCL): the higher the ratio the more likely it has sufficient current assets to meet its existing WCL.   | <b>Primary</b>   | 100% or greater |           | 100% or less |
|                         | Interest Coverage Ratio         | $\text{EBIT} / \text{Interest Expense}$                                       | Demonstrates an entity's ability to meet its interest expenses on debts using profits.   | <b>Primary</b>   | 2 or greater    | 1.5 - 2   | 1.5 or less  |
|                         | Balance Sheet Test Ratio        | $\text{Tangible Assets} / \text{Total Liabilities}$                           | Note – Tangible Assets excludes goodwill and intangible assets.  | <b>Secondary</b> | 1.5 or greater  | 1 - 1.5   | 1 or less    |
|                         | Debt to Assets Ratio            | $\text{Total Debt} / \text{Total Assets}) \times 100$                         | Demonstrates the entity's reliability on debt over its assets. Industry driven, however general rule is applied of over 80% is high risk.  | <b>Secondary</b> | 0% - 40%        | 40% - 80% | Over 80%     |

<sup>4</sup> May not apply to applicants

| Ratio Category              | Ratio                              | Formula  | Commentary   | Ranking          | Rating                    |          |      |
|-----------------------------|------------------------------------|--|--|------------------|---------------------------|----------|------|
|                             |                                    |  |  |                  | Low                       | Moderate | High |
| <b>Profitability Ratios</b> | Gross Profit Margin Ratio          | Revenue - COGS / Revenue   | Indicates an entity's margin over cost of goods sold (COGS). Provides an indication as to whether the organisation would be able to meet its operating expenses (including employee entitlements). A low or declining margin indicates a reduction in profitability. This margin can vary significantly across industries. | <b>Primary</b>   | Licensee trends over time |          |      |
|                             | EBITDA/ Revenue Ratio              | EBITDA (Earnings before interest, tax, depreciation and amortisation)/ Revenue | An alternative to Gross Profit Margin which is not applicable to some licensees.   | <b>Primary</b>   |                           |          |      |
|                             | Return on Assets Ratio             | Net Profit / Total Assets  | Takes into account all expenses and costs of goods sold and provides a net profit percentage. This is industry driven also and should be analysed over time to determine trend. Reduced or reducing margin indicates increased risk.   | <b>Secondary</b> |                           |          |      |
| <b>Activity Ratios</b>      | Accounts Receivable Turnover Ratio | Sales / Average Accounts Receivable  |  | <b>Primary</b>   | Licensee trends over time |          |      |
|                             | Accounts Payable Turnover Ratio    | Total Purchases / Average Accounts Payable                                     |  | <b>Primary</b>   |                           |          |      |
|                             | Debtor Days Ratio                  | 365 / Debtor Turnover  |  | <b>Secondary</b> |                           |          |      |
|                             | Creditor Days Ratio                | 365 / Creditor Turnover  |  | <b>Secondary</b> |                           |          |      |

| 1 critical ratio category reaching elevated risk = Licensee is Elevated Risk |              |                 |                      |                      |                 |
|--|--------------|-----------------|----------------------|----------------------|-----------------|
| Ratio Category   | Ranking      | Scenario 1      | Scenario 2           | Scenario 3           | Scenario 4      |
| Liquidity  | Critical     | Low Risk        | Low Risk             | Elevated Risk        | Low Risk        |
| Leverage   | Critical     | Low Risk        | Low Risk             | Elevated             | Low Risk        |
| Profitability  | Critical     | Low Risk        | Elevated Risk        | Low Risk             | Low Risk        |
| Activity   | Non-Critical | Low Risk        | Low Risk             | Low Risk             | Elevated Risk   |
| <b>Licensee Risk</b>   |              | <b>Low Risk</b> | <b>Elevated Risk</b> | <b>Elevated Risk</b> | <b>Low Risk</b> |

## Annual Financial Desktop Review: Financial indicator assessment process



### Critical Ratios:

Elevated risk in these ratios may indicate financial viability concerns with the licensee. Industry considerations would still need to be considered as ratios across industries can vary.

### Liquidity ratios

The ratio results show an entity's ability to cover its debts and is a key metric showing the solvency of an entity. The ratios show the margin of safety that the company has. If the entity does not have more current assets than liabilities then the entity is considered to be insolvent.

### Leverage Ratios

Assesses the level of debt carried by an entity - significant levels of debt can be detrimental to the on-going viability of an entity.

### Profitability Ratios

Measure of an entity's ability to generate earnings. An unprofitable entity is at elevated risk of insolvency.

### Non-Critical Ratios:

The Activity Ratios do not necessarily provide a strong indication of an entity's on-going financial viability.



## Prudential review

This section of the AFDR reviews the licensee's compliance with the prudential licence conditions.

### Liability Report

- Is the liability report addressed to the Safety, Rehabilitation and Compensation Commission?
- Is the liability report prepared by a Fellow of the Institute of Actuaries of Australia with at least five years' post-qualification experience as an actuary in general insurance?
- Has the actuary confirmed he/she: is not an employee or a partner of the organisation which provides financial audit services to the licensee; has no material financial dependence on the auditor?
- Has the actuary prepared the liability report using the Institute of Actuaries of Australia *Professional Standard 302: Valuations of General Insurance Claims*?
- Has the actuary used the risk free rate in discounting the expected future claims payments of insurance liabilities?  
*Risk Free Rate* means the rates to be used in discounting the expected future claims payments of insurance liabilities denominated in Australian currency as determined in accordance with APRA *Prudential Standard GPS 320: Actuarial and Related Matters*, or any standard substituted thereof.
- Has the actuary recommended a provision which must be made in the licensee's accounts to at least the net unbiased estimate of the mean (statistical expectation) of the Outstanding Claim Liability (split into current and non-current amounts)?<sup>5</sup>
- Has the actuary recommended the maximum reinsurance policy retention amount for the licensee's reinsurance?
- Has the actuary assessed the Licensee as having the financial capacity to meet amounts, from the balance sheet, up to the recommended excess amount?
- Has the actuary assessed the reinsurance arrangements as appropriate to limit the licensee's liability to pay compensation and other amounts under the SRC Act in accordance with the scope of its licence?

### Yearly Accounts (Audited Financial Statements)

- Do the audited financial statements include the auditor's signed and dated report?
- Do the audited financial statements include provision for meeting the licensee's outstanding claim liability (split into current and non-current amounts) equal to or greater than the actuary's valuation in the Liability Report of the licensee's outstanding claim liability (current and non-current) for the financial year? If not, are any apparent discrepancies explained in the statements?<sup>6</sup>

### Guarantee

- Is the guarantee signed and dated?
- Is the amount of the guarantee equal to or greater than the required guarantee amount for the financial year advised by the actuary in the Liability Report?
- Is the guarantor a corporation authorised by APRA to carry on:
  - (i) banking business in Australia under the *Banking Act 1959* (Cth) and have an issuer credit rating of or equivalent to a Standard and Poor's AA- or better; or
  - (ii) insurance business in Australia under the *Insurance Act 1973* (Cth) and have an issuer credit rating of or equivalent to a Standard and Poor's AA- or better and a financial strength rating of or equivalent to a Standard and Poor's AA- or better?

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<sup>5</sup> May require modification for applicants

<sup>6</sup> May require modification for applicants

### Reinsurance Policy

- Is the certificate of currency signed, dated and current?
- Is the insurer authorised by APRA to carry on insurance business under the *Insurance Act 1973* (Cth)?
- Is the retention (excess of loss) amount applicable under the policy for any single event equal to or below the actuary's recommended excess amount in the Liability Report?

### Deed of Cross Guarantee (if applicable)

- List the current parties (including their ABNs) to the Deed referenced by the audited financial statements. Have the parties changed from the parties listed in the previous financial year's audited financial statements? If so, advise which parties have been joined to or released from the Deed and/or any other changes to the Deed which have occurred in the financial year?<sup>7</sup>

### Guarantee/s

- Do the audited financial statements reference any other guarantees? If so, what arrangements are in place? Have the arrangements in the audited financial statements changed from the previous financial year's audited financial statements? If so, please advise the change and its financial/corporate/governance impact if any.

This section of the report must provide clear recommendations to Comcare regarding any action that needs to be undertaken.

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<sup>7</sup> May require modification for applicants

## Questionnaire

| Category      | #  | Question   |
|---------------|----|--|
| Liquidity     | 1  | Are either of the Liquidity ratios categorised as moderate to high risk? <i>(Complete if the ratios show moderate to high risk rating)</i>   |
|               | 2  | Is the organisation able to meet its short-term obligations? <i>(Complete if the ratios show moderate to high risk rating)</i>   |
|               | 3  | Does the organisation's parent company guarantee the debts of the organisation? If yes, what form does the guarantee take and is the organisation named in the guarantee? <i>(Must complete)</i> |
|               | 4  | Are there any contingent liabilities? If so, what is the determining event and is the amount considered material? <i>(Must complete)</i>   |
| Leverage      | 5  | Are any of the leverage ratios categorised as moderate to high risk? <i>(Complete if the ratios show moderate to high risk rating)</i>   |
|               | 6  | Is the organisation able to meet its interest obligations (Interest Coverage Ratio)? <i>(Complete if the ratios show moderate to high risk rating)</i>   |
| Profitability | 7  | Are any of the profitability ratios categorised as moderate to high risk rating? <i>(Complete if income streams have been impacted)</i>  |
|               | 8  | Make note of any critical aspect to the organisation's operating position. <i>(Complete if income streams have been impacted)</i>  |
|               | 9  | Does the organisation have a diversity of income streams and have any of these been impacted? <i>(Complete if income streams have been impacted)</i>   |
| Activity      | 10 | Are there any activity ratios which have deteriorated compared with ratio trends? Has there been a deterioration in creditor/debtor days? <i>(Complete if income streams have been impacted)</i> |
| Other         | 11 | Are there any Qualifications, Emphasis of Matter or other issue raised by the auditor in the audited statements? <i>(Must complete)</i>  |
|               | 12 | To what extent does the performance of other members of the organisation's group impinge on the organisation? <i>(Complete if the licensee is a subsidiary and Q3 not already completed)</i>     |
|               | 13 | What industry does the organisation operate in? Are there any trends in risk/WC liabilities or additional factors that need to be considered? <i>(Must complete)</i>                             |
|               | 14 | Are there any other significant identified issues that require further consideration? <i>(Must complete. If no issues then No response will suffice)</i>   |

## External Risk Factor Review

| Factor                     | Consideration elements  |
|----------------------------|---|
| <b>Industry Dynamics</b>   | <ul style="list-style-type: none"> <li>Is the industry undergoing any significant changes? For example, have the competitive dynamics of the industry changed or are likely to change in the near future?</li> <li>Have there been any significant technological or industry advancements that are likely to impact the licensee's operations?</li> <li>What have been the historical workers' compensation claims in the licensee's industry and what can be learned from this?</li> </ul> |
| <b>Economic</b>            | <ul style="list-style-type: none"> <li>In which countries does the licensee operate and how are economic conditions both domestically and internationally (if relevant) likely to impact on the licensee?</li> </ul>  |
| <b>Environmental</b>       | <ul style="list-style-type: none"> <li>Is the licensee operating in an industry that has significant environmental sensitivities? What risk factors does this generate?</li> </ul>  |
| <b>Political</b>           | <ul style="list-style-type: none"> <li>Is there, or could there be any political sensitivities or policy changes that are likely to impact on the licensee's operations?</li> <li>Have there been any policy announcements/policy commitments which are likely to impact on the licensee's operations?</li> </ul>   |
| <b>Financial Resources</b> | <ul style="list-style-type: none"> <li>Does the licensee have sufficient financial and human resources to continue to achieve business goals and objectives?</li> </ul>   |
| <b>Investor</b>            | <ul style="list-style-type: none"> <li>Has the ownership structure of the licensee changed? For example, has it become publicly listed, privately owned, or partially acquired by a competitor or another entity, and what are the implications of this?</li> </ul>   |

## Credit rating tiers

| Moody's | S&P  | Fitch | Rating description                                 |                      |
|---------|------|-------|--|----------------------|
| Aaa     | AAA  | AAA   | Prime  | Investment grade     |
| Aa1     | AA+  | AA+   | High grade   |                      |
| Aa2     | AA   | AA    |  |                      |
| Aa3     | AA-  | AA-   |  |                      |
| A1      | A+   | A+    | Upper medium grade                                 |                      |
| A2      | A    | A     |  |                      |
| A3      | A-   | A-    |  |                      |
| Baa1    | BBB+ | BBB+  | Lower medium grade                                 |                      |
| Baa2    | BBB  | BBB   |  |                      |
| Baa3    | BBB- | BBB-  |  |                      |
| Ba1     | BB+  | BB+   | Non-investment grade speculative                   | Non-investment grade |
| Ba2     | BB   | BB    |  |                      |
| Ba3     | BB-  | BB-   |  |                      |
| B1      | B+   | B+    | Highly speculative                                 |                      |
| B2      | B    | B     |  |                      |
| B3      | B-   | B-    |  |                      |
| Caa1    | CCC+ | CCC+  | Substantial risks                                  |                      |
| Caa2    | CCC  | CCC   | Extremely speculative                              |                      |
| Caa3    | CCC- | CCC-  | Default imminent with little prospect for recovery |                      |
| Ca      | CC   | CC    |  |                      |
| C       | C    | C     |  |                      |
|         | D    | D     | In Default   |                      |

# Attachment D – Licence Compliance and Performance Report Template

## LICENSEE PERFORMANCE REPORT – Licensee full name (Licensee)

QUARTER X 20xx–xx

### General information

|                           |              |               |             |
|---------------------------|--------------|---------------|-------------|
| Licence commencement date | DD MMMM YYYY | Licence phase | Established |
| Licence end date          | DD MMMM YYYY | Employees     | 00,000      |
| Year of licence           | DD MMMM YYYY |               |             |
| Other information         | Nil          |               |             |

### Performance assessment overview

The detail in the tables below is an example of how performance information will be presented to the SRCC against each of the Performance Standards and Measures (See Attachment E for method of assessment). Comcare then considers the residual risk based on contextual and other available information.

|                            |   |                                    |                                    |                                 |                   |                              |
|----------------------------|---|------------------------------------|------------------------------------|---------------------------------|-------------------|------------------------------|
| Prudential – documentation | Prudential – Annual financial risk assessment | Legislative and licence compliance | Fatalities and incidence of claims | Rehabilitation<br><i>Stable</i> | Claims management | Prevention and Communication |
|----------------------------|---|------------------------------------|------------------------------------|---------------------------------|-------------------|------------------------------|

### Recommendation

To be completed once context is received.

### Performance assessment

|  |
|--|
| <b>Prudential – documentation</b>  |
| • Licensee is complying with its prudential conditions of licence.   |
| <b>Prudential – Annual financial risk assessment</b>   |
| • Licensee is assessed as being at low risk of failing to meet its prudential and financial obligations under the SRC Act. |
| <b>Legislative and licence compliance</b>  |
| • No issues identified with legislative and licence compliance.  |

### Fatalities and incidence of claims

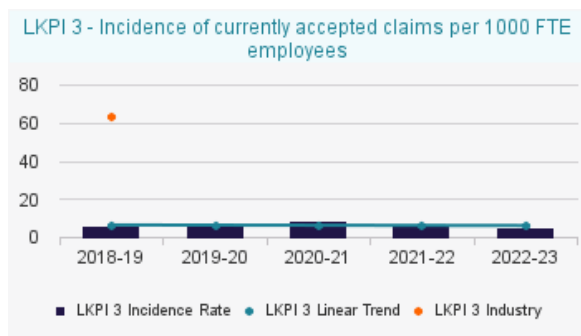
- X worker fatalities
- X compensable deaths
- X significant change in notifiable incidents data

### LKPI 3 – Incidence of accepted claims

OFFICIAL

## OFFICIAL

- Licensee's incidence of accepted claims is improving/deteriorating/stable compared to last quarter (if deteriorating – for x quarters).
- Licensee's trend is improving/deteriorating/stable over time.



|           | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|-----------|---------|---------|---------|---------|---------|
| Incidence | 5.1     | 6.0     | 8.3     | 6.4     | 4.5     |
| Trend     | 6.2     | 6.1     | 6.1     | 6.0     | 5.9     |
| Claims    | 32      | 40      | 42      | 32      | 13      |

### LKPI 3 – Quarterly comparison

|           | Q4<br>2022-23 | Q1<br>2022-23 | Q2<br>2022-23 |
|-----------|---------------|---------------|---------------|
| Incidence | 6.4           | 2.8           | 4.5           |
| Claims    | 32            | 4             | 13            |

### LKPI 3 – Claim Type

|               | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---------------|---------|---------|---------|---------|---------|
| Injury        | 2.7     | 4.5     | 6.0     | 3.8     | 3.1     |
| Disease       | 2.1     | 0.8     | 2.0     | 1.6     | 0.7     |
| Psychological | 0.3     | 0.8     | 0.4     | 1.2     | 0.7     |

### LKPI 3 – Top 3 Mechanism of Injury

|   | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|---------|---------|---------|---------|---------|
| Falls, Trips and Slips of a Person      | 46.9%   | 40.0%   | 42.9%   | 21.9%   | 30.8%   |
| Body Stressing                          | 25.0%   | 30.0%   | 38.1%   | 46.9%   | 46.2%   |
| Hitting Objects with a Part of the Body | 15.6%   | 7.5%    | 14.3%   | 15.6%   | 15.4%   |

### Context provided by Licensee in relation to LKPI 3

What are the drivers behind the performance result?

<If required, context to be added>

What are you doing about this result?

<If required, context to be added>

When do you expect these actions to help improve your result?

<If required, context to be added>

## OFFICIAL

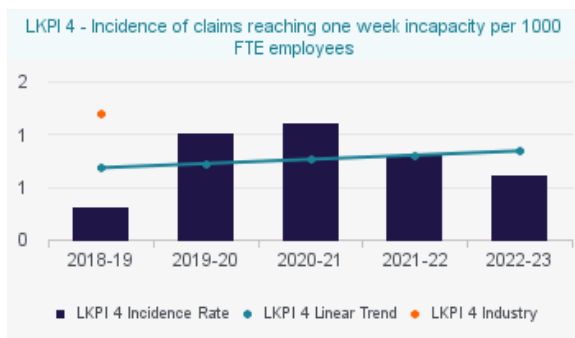
## OFFICIAL

Is this as a result of a new issue or the continuation of factors that have previously been reported to the Commission?

<If required, context to be added>

### LKPI 4 – Incidence of claims reaching one week of incapacity

- Licensee's incidence of claims reaching one week of incapacity is improving/deteriorating/stable compared to last quarter (if deteriorating – for x quarters).
- Licensee's trend is improving/deteriorating/stable over time.



|           | 19-20<br>Q4 | 20-21<br>Q1 | 20-21<br>Q2 | 20-21<br>Q3 | 20-21<br>Q4 |
|-----------|-------------|-------------|-------------|-------------|-------------|
| Incidence | 0.3         | 1.0         | 1.1         | 0.8         | 0.6         |
| Trend     | 0.7         | 0.7         | 0.8         | 0.8         | 0.8         |
| Claims    | 2           | 7           | 8           | 5           | 2           |

### LKPI 4 – Quarterly comparison

|           | Q4<br>2022-23 | Q1<br>2022-23 | Q2<br>2022-23 |
|-----------|---------------|---------------|---------------|
| Incidence | 0.8           | 0.6           | 0.6           |
| Claims    | 5             | 1             | 2             |

### LKPI 4 – Claim Type

|               | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---------------|---------|---------|---------|---------|---------|
| Injury        | 2.7     | 4.5     | 6.0     | 3.8     | 3.1     |
| Disease       | 2.1     | 0.8     | 2.0     | 1.6     | 0.7     |
| Psychological | 0.3     | 0.8     | 0.4     | 1.2     | 0.7     |

### LKPI 4 – Top 3 Mechanism of Injury

|   | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|---------|---------|---------|---------|---------|
| Falls, Trips and Slips of a Person      | 50.0%   | 57.1%   | 25.0%   | 40.0%   | 50.0%   |
| Body Stressing                          | -       | 28.6%   | 25.0%   | 20.0%   | 50.0%   |
| Hitting Objects with a Part of the Body | -       | 14.3%   | 12.5%   | 20.0%   | -       |

### Context provided by Licensee in relation to LKPI 4

What are the drivers behind the performance result?

## OFFICIAL



<If required, context to be added>

**What are you doing about this result?**

<If required, context to be added>

**When do you expect these actions to help improve your result?**

<If required, context to be added>

**Is this as a result of a new issue or the continuation of factors that have previously been reported to the Commission?**

<If required, context to be added>

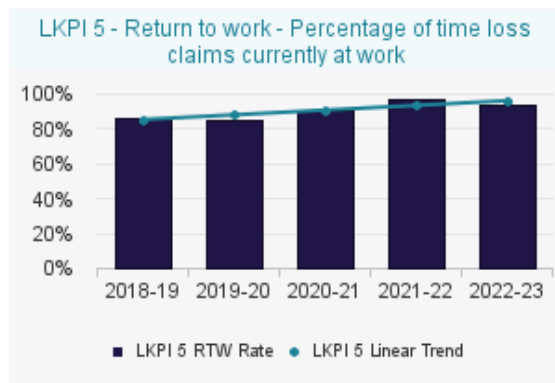
## COMCARE ACCOUNT MANAGER ANALYSIS

<If required, context to be added>

## Rehabilitation

### LKPI 5 – Return to work rate

- Licensee's return to work rate is improving/deteriorating/stable compared to last quarter (if deteriorating – for x quarters).
- Licensee's trend is improving/deteriorating/stable over time.



|                 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|-----------------|---------|---------|---------|---------|---------|
| <b>RTW Rate</b> | 85.7%   | 85.3%   | 90.6%   | 96.7%   | 93.5%   |
| <b>Trend</b>    | 85.0%   | 87.7%   | 90.4%   | 93.1%   | 95.8%   |
| <b>Claims</b>   | 24      | 29      | 29      | 29      | 29      |

|                    |       |       |       |       |       |
|--------------------|-------|-------|-------|-------|-------|
| <b>Partial RTW</b> | 28.6% | 20.6% | 18.8% | 20.0% | 38.7% |
| <b>Trend</b>       | 21.4% | 23.4% | 25.3% | 27.3% | 29.3% |
| <b>Claims</b>      | 8     | 7     | 6     | 6     | 12    |
| <b>Full RTW</b>    | 57.1% | 64.7% | 71.9% | 76.7% | 54.8% |
| <b>Trend</b>       | 63.6% | 64.3% | 65.0% | 65.8% | 66.5% |
| <b>Claims</b>      | 16    | 22    | 23    | 23    | 17    |

### LKPI 5 – Quarterly comparison

|                  | Q4<br>2022-23 | Q1<br>2022-23 | Q2<br>2022-23 |
|------------------|---------------|---------------|---------------|
| <b>Incidence</b> | 96.7%         | 93.3%         | 93.5%         |
| <b>Claims</b>    | 29            | 28            | 29            |



## LKPI 5 – Claim Type

|               | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---------------|---------|---------|---------|---------|---------|
| Injury        | 78.4%   | 69.7%   | 65.5%   | 65.2%   | 67.9%   |
| Disease       | 77.8%   | 25.0%   | -       | 80.0%   | 80.0%   |
| Psychological | 44.4%   | 30.0%   | 14.3%   | 100.0%  | 100.0%  |

## LKPI 5 – Top 3 Mechanism of Injury

|                                    | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|------------------------------------|---------|---------|---------|---------|---------|
| Being Hit by Moving Objects        | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 83.3%   |
| Body Stressing                     | 75.0%   | 84.6%   | 91.7%   | 100.0%  | 100.0%  |
| Falls, Trips and Slips of a Person | 75.0%   | 70.0%   | 77.8%   | 100.0%  | 100.0%  |

## Context provided by Licensee in relation to LKPI 5

What are the drivers behind the performance result?

<If required, context to be added>

What are you doing about this result?

<If required, context to be added>

When do you expect these actions to help improve your result?

<If required, context to be added>

Is this as a result of a new issue or the continuation of factors that have previously been reported to the Commission?

<If required, context to be added>

## COMCARE ACCOUNT MANAGER ANALYSIS

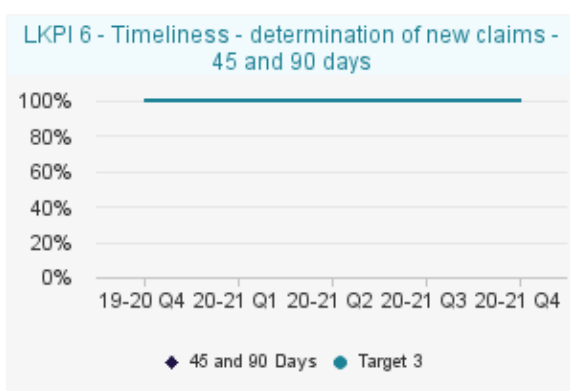
<If required, context to be added>

## Claims management

## LKPI 6 – Determination of new claims

- Licensee has/has not met its target for timeliness for determination of new claims (if not met – for x quarters).
- Licensee did not receive any new claims for determination this quarter.

## OFFICIAL



| Days     | 21-22<br>Q2 | 21-22<br>Q3 | 21-22<br>Q4 | 22-23<br>Q1 | 22-23<br>Q2 |
|----------|-------------|-------------|-------------|-------------|-------------|
| 20 & 60  | 100.0%      | 100.0%      | 100.0%      | 100.0%      | 100.0%      |
| Target 1 | 95%         | 95%         | 95%         | 95%         | 95%         |
| Claims   | 50          | 52          | 58          | 55          | 46          |
| 30 & 75  | 100.0%      | 100.0%      | 100.0%      | 100.0%      | 100.0%      |
| Target 2 | 98%         | 98%         | 98%         | 98%         | 98%         |
| Claims   | 50          | 52          | 58          | 55          | 46          |
| 45 & 90  | 100.0%      | 100.0%      | 100.0%      | 100.0%      | 100.0%      |
| Target 3 | 100%        | 100%        | 100%        | 100%        | 100%        |
| Claims   | 50          | 52          | 58          | 55          | 46          |

### LKPI 6 – Average days to determination

|         | 21-22<br>Q2 | 21-22<br>Q3 | 21-22<br>Q4 | 22-23<br>Q1 | 22-23<br>Q2 |
|---------|-------------|-------------|-------------|-------------|-------------|
| Injury  | 5.3         | 5.6         | 2.6         | 5.0         | 4.7         |
| Disease | 29.7        | 30.9        | 25.5        | 24.5        | 25.3        |

### Context provided by Licensee in relation to LKPI 6

What are the drivers behind the performance result?

<If required, context to be added>

What are you doing about this result?

<If required, context to be added>

When do you expect these actions to help improve your result?

<If required, context to be added>

Is this as a result of a new issue or the continuation of factors that have previously been reported to the Commission?

<If required, context to be added>

## OFFICIAL

## LKPI 7 – Timeliness – decisions on requests for reconsideration

- Licensee has/has not met its target for timeliness for decisions on requests for reconsideration (if not met – for x quarters).
- Licensee did not receive any requests for reconsideration this quarter.



| Days     | 21-22 Q2 | 21-22 Q3 | 21-22 Q4 | 22-23 Q1 | 22-23 Q2 |
|----------|----------|----------|----------|----------|----------|
| 30       | 100.0%   | 100.0%   | 100.0%   | 100.0%   | 100.0%   |
| Target 1 | 95%      | 95%      | 95%      | 95%      | 95%      |
| Recons   | 12       | 20       | 16       | 17       | 14       |
| 45       | 100.0%   | 100.0%   | 100.0%   | 100.0%   | 100.0%   |
| Target 2 | 98%      | 98%      | 98%      | 98%      | 98%      |
| Recons   | 12       | 20       | 16       | 17       | 14       |
| 90       | 100.0%   | 100.0%   | 100.0%   | 100.0%   | 100.0%   |
| Target 3 | 100%     | 100%     | 100%     | 100%     | 100%     |
| Recons   | 12       | 20       | 16       | 17       | 14       |

## LKPI 7 – Average days to decisions on requests for reconsideration

|                  | 21-22 Q2 | 21-22 Q3 | 21-22 Q4 | 22-23 Q1 | 22-23 Q2 |
|------------------|----------|----------|----------|----------|----------|
| Reconsiderations | 17.7     | 23.0     | 20.7     | 20.8     | 20.7     |

## Context provided by Licensee in relation to LKPI 7

What are the drivers behind the performance result?

<If required, context to be added>

What are you doing about this result?

<If required, context to be added>

When do you expect these actions to help improve your result?

<If required, context to be added>

Is this as a result of a new issue or the continuation of factors that have previously been reported to the Commission?

<If required, context to be added>

## COMCARE ACCOUNT MANAGER ANALYSIS

<If required, context to be added>

## Prevention and Communication

Prevention and communication is assessed as meeting/not meeting the Commission's standards based on the following activities undertaken in 20xx-xx:

- audit(s) undertaken against the National Audit Tool (NAT) tool [or AS 4801 or ISO 45001 or OPM Survey];
- Xx% conformance rating (xx non-conformances and xx observations) [OR 'A score of X' (if OPM Survey)], this result is assessed a low/moderate/high risk;
- A corrective action plan is in place; and
- To date all corrective actions have been completed by the due date.

OR

- the corrective action plan is being monitored. [if corrective actions not yet due]

WHS legislative breaches

- X WHS legislative breaches of licence were reported in the past quarter [OR 20XX-XX]
- Context of any WHS legislative breaches (if required)
- Account Manager analysis of any WHS legislative breaches (if required)

OR

- No WHS legislative breaches of licence were reported in 20XX-XX.

Relevant WHS media

- The following key WHS matters were covered in the media about Licensee in the past quarter [OR 20XX-XX]:
  - Matter 1 – date or period of matter reported
  - Matter 2 – date or period of matter reported.
- Context of any WHS media (if required)
- Account Manager analysis of WHS media (if required).

OR

- No relevant WHS media reported in 20XX-XX.

## System maintenance activities

| System              | Dates         | Provider | Activity   | Status |
|---------------------|---------------|----------|--|--------|
| Prevention          | Xx Month Year | TBC      | National Audit Tool audit  |        |
| Claims management   | Xx Month Year | TBC      | Claims Management System Audit   |        |
| Rehabilitation      | Xx Month Year | TBC      | Rehabilitation Management System Audit                                       |        |
| Data Quality Review | Xx Month Year | TBC      | Year [2] [6] of licence – Data Quality Review / Targeted Data Quality Review |        |

#### CURRENT CORRECTIVE ACTIONS

No current corrective actions. / A copy of the xxx corrective action plan is available on Diligent.

## Summary of 2022–23 Licence Compliance and Performance Improvement (LCPI) Report:

Outcomes of activities reported via [LCPI report](#) are available on Diligent.

| Performance - Key activities and achievements over the reporting period  |                  |               |                 |
|--|------------------|---------------|-----------------|
| <b>WHS</b>   |                  |               |                 |
| <b>Prevention and Communication</b> <ul style="list-style-type: none"> <li>In addition to the safety strategies outlined above, XX conducted a(n) National Audit Tool audit/International Standard for Occupational Health and Safety Management System audit (XX% conformance) to meet this performance measure.</li> <li>XX <ul style="list-style-type: none"> <li>&lt;insert sub dot point if required&gt;</li> </ul> </li> </ul> |                  |               |                 |
| <b>CMS</b>   |                  |               |                 |
| <ul style="list-style-type: none"> <li>To be updated by Account Manager.</li> <li>XX <ul style="list-style-type: none"> <li>&lt;insert sub dot point if required&gt;</li> </ul> </li> </ul>  |                  |               |                 |
| <b>RMS</b>   |                  |               |                 |
| <ul style="list-style-type: none"> <li>To be updated by Account Manager.</li> <li>XX <ul style="list-style-type: none"> <li>&lt;insert sub dot point if required&gt;</li> </ul> </li> </ul>  |                  |               |                 |
| <b>Management systems</b>  |                  |               |                 |
| System   | Activity         | Undertaken by | Outcome/result  |
| Prevention   | WHS System Audit | XX            | XX% Conformance |
| Claims management  | CMS audit        | XX            | XX% Conformance |
| Rehabilitation   | RMS audit        | XX            | XX% Conformance |
| <b>COMCARE ACCOUNT MANAGER ANALYSIS</b> <p>&lt;The Account Manager's assessment is that this LCPI report demonstrates maintenance of the prevention, claims management and rehabilitation systems.&gt;</p>   |                  |               |                 |

# Attachment E – Performance Assessment Methodology

Comcare will assess the performance of a licence against the SRCC's performance standards and measures and report to the SRCC as set out in the table below, noting that the SRCC reserves the right to adopt an alternative response or combine responses where the situation requires. In addition, where the SRCC is informed of multiple areas of non-compliance and poor performance or consistent non-compliance or poor performance trends, a range of regulatory responses can be employed.

| Non-Compliance Risk-based Reporting Framework            |  |  |  |
|--|--|--|--|
| Level of Risk  |  |  |  |
| Success Factors  | Low  | Moderate   | High   |
| <b>Prudential and financial conditions of licence</b>    | Compliant documentation provided by due date or by 2 weeks after due date (subject to prior grant of extension)  | Compliant documentation provided upon demand notice (up to 2 weeks after due date)   | Compliant documentation not provided upon demand notice (later than 2 weeks after due date)  |
| <b>Legislative and Licence Compliance</b>                | <ul style="list-style-type: none"> <li>No breaches of licence</li> <li>Data provided on time</li> <li>Data accurate</li> <li>Self-reported breaches</li> </ul>   | <ul style="list-style-type: none"> <li>Incurred a breach of licence</li> <li>Data not provided on time</li> <li>Data inaccurate</li> <li>Failed to self-report a breach</li> </ul> | <ul style="list-style-type: none"> <li>Incurred breaches of licence over two consecutive periods</li> <li>Data not provided on time for two consecutive periods</li> <li>Data inaccurate for two consecutive periods</li> <li>Failed to self-report or correct successive breach</li> <li>Significant isolated breach</li> </ul> |
| <b>Corrective actions</b>                                | <ul style="list-style-type: none"> <li>No outstanding corrective actions.</li> <li>Appropriate corrective action implementation plan in place.</li> <li>Corrective actions closed out within the specified timeframe.</li> </ul> | <ul style="list-style-type: none"> <li>Corrective actions not closed out within the specified timeframe.</li> </ul>  | <ul style="list-style-type: none"> <li>Close out of corrective actions substantially outside of specified timeframe.</li> </ul>  |
| <b>Fatalities</b>  | No (zero) fatalities that are required to be reported under the WHS Act  | Serious incident/s occurred that could have resulted in a fatality.<br>Comcare (or relevant state or territory regulator) investigate as WHS Regulator where relevant.             | Fatality occurred.<br>Comcare (or relevant state or territory regulator) investigate as WHS Regulator where relevant.<br>Context sought and evidence that appropriate plans in place to prevent reoccurrence.  |
| <b>No (zero) compensable deaths</b>                      | Zero compensable deaths  | Serious incident/s occurred that could have resulted in a compensable death.<br>Comcare (or relevant state or territory regulator) investigate as WHS Regulator where relevant.    | Compensable death occurred.<br>Comcare (or relevant state or territory regulator) investigate as WHS Regulator where relevant.   |
| <b>Incidence rate of all (accepted) claims improving</b> | Performance improving or stable  | Performance deteriorating but have appropriate improvement plans in place  | <ul style="list-style-type: none"> <li>Performance deteriorating for two consecutive periods</li> <li>No appropriate improvement plan in place</li> </ul>  |

| Non-Compliance Risk-based Reporting Framework   |   |  |   |
|---|---|--|---|
| Level of Risk   |   |  |   |
| Success Factors   | Low   | Moderate   | High  |
| <b>Incidence rate of all claims (accepted) reaching one week of incapacity improving</b>            | Performance improving or stable   | Performance deteriorating but have appropriate improvement plans in place  | <ul style="list-style-type: none"> <li>Performance deteriorating for two consecutive periods</li> <li>No appropriate improvement plan in place</li> </ul>   |
| <b>Notifiable incidents</b>   | No significant change   | Significant change up or down – context sought   | N/A   |
| <b>Return to work rate performance improving</b>  | Performance improving or stable   | Performance deteriorating but have appropriate improvement plans in place  | <ul style="list-style-type: none"> <li>Performance deteriorating for two consecutive periods</li> <li>No appropriate improvement plan in place</li> </ul>   |
| <b>Licensee has established systems that enable timely and accurate payments to injured workers</b> | <ul style="list-style-type: none"> <li>No major changes to systems</li> <li>Positive or improving results from quality assurance processes</li> <li>Data accurate</li> <li>Self-reported system changes</li> </ul>      | <ul style="list-style-type: none"> <li>Major changes to systems but have appropriate plans to maintain timely and accurate payments</li> <li>Deteriorating results from quality assurance processes</li> <li>Data inaccurate</li> </ul>  | <ul style="list-style-type: none"> <li>Major changes to systems with no plans to maintain timely and accurate payments</li> <li>Deteriorating results from quality assurance processes for two consecutive periods</li> <li>Data inaccurate for two consecutive periods</li> <li>Failure to self-report system changes</li> </ul> |
| <b>Injured workers are supported through the claims process</b>                                     | <ul style="list-style-type: none"> <li>Positive or improving survey results</li> <li>Low number of complaints</li> <li>No major increase in determinations that are referred for consideration or to the AAT</li> </ul> | <ul style="list-style-type: none"> <li>Deteriorating survey results</li> <li>Increase in number of complaints</li> <li>Moderate increase in determinations that are referred for consideration or to the AAT (context sought)</li> </ul> | <ul style="list-style-type: none"> <li>Deteriorating survey results over two consecutive periods</li> <li>Large increase in number of complaints</li> <li>Major increase in determinations that are referred for consideration or to the AAT (context sought)</li> </ul>  |
| <b>Decisions are timely</b>   | Within target   | Outside target but have an appropriate improvement plan in place   | Outside target for two consecutive periods with no improvement plan in place  |
| <b>Safety Climate OPM Survey or Survey equivalent</b>   | Score between 25-40<br><br>Within defined score   | Score between 15-25<br><br>Below defined score   | Score below 15<br><br>Well below defined score  |
| <b>NAT audit as alternative to OPM</b>  | Established licensees achieve 90%+<br>Developing licensees achieve 80%+   | Established licensees achieve 75%+ but with appropriate corrective action plans in place<br>Developing licensees achieve 65%+ but with appropriate corrective action plans in place  | Established licensees achieve -75% or +75% but without appropriate corrective action plans<br>Developing licensees achieve -65% or +65% but without appropriate corrective action plans   |



# Attachment F – Policy on extension of a licence under Part VIII of the SRC Act

## Introduction

1. This policy outlines the steps the Safety, Rehabilitation and Compensation Commission (SRCC) may take in considering extending a licence.
2. By publishing this policy, the SRCC has ensured that Licensees and other interested parties are aware of the type of issues that the SRCC will take into account when making a decision to extend a licence. This policy does not set out an exhaustive list of the issues that the SRCC may take into account.

## What can the SRCC do?

3. The SRCC, under section 103 of the SRC Act may grant an eligible applicant a licence for a specified period. Licensees can request subsequent licence extensions under section 105 of the SRC.
4. Section 105 of the SRC Act provides that the SRCC may at any time while a licence is in force, on the written application of the Licensee, extend the term of the licence.
5. The SRC Act, SRC Regulations and Ministerial Directions do not specify criteria to consider in setting an appropriate period of licence, merely that the period must be specified in the licence. The duration of a licence is therefore at the discretion of the SRCC.
6. At its December 2014 meeting, the SRCC decided that the usual period for a licence extension would be up to eight years.
7. However, where the SRCC considers it appropriate to do so, the SRCC may consider issuing or extending licences for a shorter period of time than the usual period.
8. Irrespective of the duration of the licence period, the SRCC has the ability under section 108D of the SRC Act to vary the licence conditions for any particular licensee where necessary.
9. The SRCC also has a number of mechanisms to manage Licensee performance, as set out in the Licence Compliance and Performance Model (LCPM).

## What does a licence extension application involve?

10. The Licensee must submit a written application, signed by the Principal Officer (usually the Chief Executive Officer), to the SRCC to consider an extension of licence.
11. A compliant licence extension application must be received by the SRCC no later than weeks prior to the SRCC meeting at which the application will be considered. Comcare is then able to verify that all the information and documentation required to be assessed by the SRCC has been provided. The regulatory cost of a licence extension application is factored into the Licensee's licence fee.

12. In deciding whether or not it is appropriate to extend the term of a licence, the SRCC considers among other relevant factors, that the Licensee has demonstrated it continues to meet the requirements of section 104(2) of the SRC Act, including 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 SRCC for the management of claims (if applicable)
  - > 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 SRCC for the rehabilitation and WHS of its employees.
13. The SRCC may also have regard to the considerations referred to in section 104(2A) of the SRC Act which refers to the past conduct of the licensee and the likelihood of the licensee meeting WHS, rehabilitation, and claims management standards set by the SRCC.
14. Comcare is required to review the information that supports the Licensee's licence extension application. In reviewing this information, Comcare considers a range of matters including but not limited to:
  - > evidence of consultation with employees and relevant unions (Refer to Attachment M – Policy on the provision of information and consultation requirements – guidance for licensees)
  - > claims management performance
  - > WHS intervention outcomes
  - > determining authorities' key performance indicator performance
  - > audit results
  - > performance trends
  - > financial desktop reviews
  - > liability reports
  - > prudential requirements
  - > compliance with the conditions of licence

Comcare provides its review to the SRCC which makes the decision on whether to grant a licence extension.

## Registering the licence extension application on SRCC website

15. The licence extension application will be registered on the SRCC's website at least 12 weeks prior to the application being considered by the SRCC. This step aligns with the SRCC's objectives and principles (section 4 of the LCPM) by ensuring an open and transparent process and giving third parties the opportunity to express views regarding the licence extension application to the SRCC. The deadline for the submission of comments on licence extension applications is four weeks prior to the SRCC meeting at which the application will be considered. However, the SRCC may exercise its discretion to accept submissions made after that deadline.

## When does an extension come into effect?

16. The extension comes into effect from the commencement date identified in the signed notice.

## Advising the Licensee of the SRCC's decision

17. A letter advising of the outcome of the SRCC meeting (setting out the terms of the extension and the date of effect of the extension) will be signed by the SRCC Chairperson and sent to the Licensee's Principal Officer.
18. The SRCC must also publish a notice of extension in the Commonwealth gazette or by notifiable instrument setting out the extension of the term of the licence.

## Consultation and dispute resolution

19. The SRCC has an agreed approach to dispute resolution, which is detailed in Section 9 of the LCPM.
20. The SRCC's *Policy on the provision of information and consultation requirements – guidance for licensees* is at Attachment M of the LCPM.

## The principles underpinning this policy

21. The SRCC's objectives and principles (section 4 of the LCPM) underpin the drafting and application of this policy. These principles will inform any decision by the SRCC to vary a licence.
22. In addition, the SRCC has endorsed the following processes for licence extensions:
  - > Adequacy of time to consider extension applications—The evaluation of licence applications is a complex process which requires information to be supplied from a number of bodies. To ensure that the SRCC has sufficient time to consider licence extension applications, it has imposed a minimum timeframe for submissions of 12 weeks prior to a scheduled SRCC meeting.
  - > Opportunities for views to be expressed to the SRCC—The SRCC has established a protocol and timetable for interested individuals and bodies to make their views on the licence extension application known. This information is available through the SRCC website at [www.srcc.gov.au](http://www.srcc.gov.au).

# Attachment G – Policy on suspension or revocation of a licence under Part VIII of the SRC Act

## Introduction

1. This policy outlines the broad steps the SRCC may take in considering regulatory action which could lead to the suspension or revocation of a licence. It is expected that licensees will seek to voluntarily rectify any breaches of the conditions of licence and to address any regulatory concerns on the part of the SRCC. As such, suspension and revocation are regulatory tools of last resort.
2. By publishing this policy, the SRCC has ensured that licensees and other interested parties are aware of the type of issues that the SRCC will consider when making any decision to suspend or revoke a licence. This policy does not set out an exhaustive list of the issues that the SRCC may consider.
3. This Policy should be read in conjunction with the rest of the Licence Compliance and Performance Model.

## What can the SRCC do?

4. Section 108D(2) of the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) provides that the SRCC, at any time after which the licence is granted, which may also extend to prior to licence commencement, may vary the conditions to which the licence is subject by notice in writing to the licensee.
5. Section 106 of the SRC Act gives the SRCC power to suspend or revoke a licence, which may also extend to a licence which has yet to come into force (i.e. a licence which has been granted but not yet commenced), where it considers it appropriate to do so by written notice to the licensee. Section 106(2) states that the SRCC must follow such procedures, if any, as set out in Ministerial Directions.
6. In 2019, the Minister gave directions to the SRCC under sections 89D and 101 of the SRC Act in relation to the SRCC's power to suspend or revoke a licence (the Ministerial Directions).
7. Clause 15 of the Ministerial Directions provides that:
  - > for a Commonwealth Authority, the SRCC may suspend or revoke a licence; and
  - > for a licensed corporation the SRCC may only revoke a licence (i.e. it is not open for the SRCC to suspend the licence of a non-Commonwealth Authority licensee).
8. Clause 16 of the Ministerial Directions sets out the procedure to be applied in the case of a suspected breach of licence condition. The procedure states that:
  - > the SRCC may give written notice to a licensee regarding a suspected breach; and
  - > the licensee is to be invited to make a written submission to the SRCC within 30 days after receiving the notice.

## In what circumstances does this policy apply?

9. This policy should be applied by the SRCC when considering whether to suspend or revoke a licence, including a licence which has not yet come into force, for any reason. This may include:
  - > a breach of the general conditions of licence;
  - > a breach of the specific conditions of licence;
  - > a breach of the prudential conditions of licence;
  - > a deterioration in performance; and
  - > a breach of the WHS Act or the SRC Act; or
  - > where the SRCC form a reasonable view that the conditions of licence may not be able to be met.
10. This policy sets out broad stages that may be applied to any of the above situations. This broad approach can be modified depending on the exact circumstances.
11. In accordance with the *Regulatory Response Framework* (set out in section 8 of the LCPM), the SRCC will usually only consider revocation or suspension for serious or systemic issues, or where a licensee has resisted or been unable to achieve voluntary compliance. The SRCC, with the assistance of Comcare, will seek to resolve any non-conformance through means other than suspension or revocation. If this is unsuccessful and the issues are not satisfactorily resolved, then suspension or revocation will be considered.
12. In considering whether to suspend or revoke a licence the SRCC might have regard to the requirements to the granting of a licence referred in section 104(2) and (2A) of the SRC Act and clause 7 of the Ministerial Directions.

## Steps to implement a revocation or suspension

13. In the interests of procedural fairness and natural justice, where the SRCC is considering suspending or revoking a licence for any reason, the SRCC will provide written notice to the licensee and seek a response within 30 days (subject to paragraph 10 above).
14. In drafting a written notice for the licensee, the SRCC will have due regard to providing sufficient details and specificity of the matter. A licensee will be provided an opportunity to clarify matters in contention before providing a written response to the SRCC.
15. If the SRCC suspends or revokes a licence under section 106 of the SRC Act, the SRCC must give the licensee written notice. That notice must state the date of effect of the suspension or revocation (and the period for which the licence is suspended) and set out the reasons for the decision to suspend or revoke.
16. Clause 15(4) of the Ministerial Directions requires the SRCC to publish a notice in the gazette or by notifiable instrument stating that the licence has been suspended or revoked under section 106 of the SRC Act. The notice of a revocation must state the date of effect of the revocation. The notice of a suspension must state the date of effect of the suspension and the period of the suspension.

## Consultation and dispute resolution

17. The SRCC has an agreed approach to dispute resolution, which is detailed in Section 9 of the LCPM.
18. The SRCC's *Policy on the provision of information and consultation requirements* – guidance for licensees is at Attachment M of the LCPM.

# Attachment H – Policy on variation of a licence under Part VIII of the SRC Act

## Introduction

1. By publishing this policy, the Safety, Rehabilitation and Compensation Commission (SRCC) has ensured that licensees and other interested parties are aware of the type of issues the SRCC considers when deciding to vary a licence. This policy does not set out an exhaustive list of the issues that the SRCC may consider.
2. This Policy should be read in conjunction with the rest of the Licence Compliance and Performance Model (LCPM).

## What can the SRCC do?

3. Under section 105 of the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act), the SRCC may, at any time while a licence is in force, on the written application of the licensee—vary the scope of the licence. Licence variation applications are considered by the SRCC as they arise.
4. In addition, under section 108D(2), the SRCC, at any time while licence is in force, may vary the conditions to which the licence is subject, by notice in writing to the licensee. The notice must set out the terms of the variation and the date of effect.

## What does a licence variation application involve?

### **Application for variation by a licensee**

5. The licensee must submit a written application, signed by the Principal Officer (usually the Chief Executive Officer), to the SRCC for a variation of licence consistent with section 105(1) of the SRC Act and the applicant's conditions of licence.
6. A licence variation application must be supported by information relevant to or required by the specific variation request. Comcare will verify that all the information and documentation required has been provided. There is no licence variation application fee.
7. In making a decision whether to vary conditions, in accordance with section 108D(2) of the SRC Act the SRCC may consider whether any variation is necessary to achieve the objectives of the SRC Act. The objectives of the SRC Act include the provision of a fair, efficient and equitable system of workers' compensation to employees within the scope of the SRC Act.

8. Comcare, in supporting the SRCC, is required to review the information that supports the licensee's licence variation application. Depending on the nature and complexity of the variation being sought, Comcare may consider a range of matters. For example:
  - > evidence of consultation with employees and relevant unions; (Refer to Attachment M – Policy on the provision of information and consultation requirements – guidance for licensees)
  - > claims management performance;
  - > WHS Inspection outcomes;
  - > determining Authorities' key performance indicator performance;
  - > audit results;
  - > financial desktop reviews;
  - > liability reports;
  - > prudential requirements; and
  - > compliance with the conditions of licence.
9. Comcare will advise the SRCC of its review to assist the SRCC's decision making. It will do so considering the objectives and principles (Section 4 of the LCPM) and its dispute resolution process (section 9 of the LCPM).

#### **Variation at the instigation of the SRCC**

10. Should the SRCC seek, under Section 108D(2) of the SRC Act to vary the conditions of licence it will do so taking into account its objectives and principles and its dispute resolution process.

#### **Variation prior to licence Commencement**

11. Where a licence is granted and the applicant requests a significant change (delayed commencement date, significantly different systems or financial arrangements etc) prior to the commencement date agreed by the SRCC, the SRCC may require further information from the licensee before the variation is granted.

#### **When does a variation come into force?**

12. The variation comes into force on the date specified in the notice that is not earlier than the date the notice is given to the person.

#### **Advising the licensee of the SRCC's decision**

13. A letter containing the outcome of the SRCC meeting signed by the Chairperson of the SRCC and a copy of the signed variation notice will be sent to the licensee's Principal Officer.
14. The SRCC must also publish the notice of variation in the Commonwealth gazette or by notifiable instrument setting out the variation and stating the commencement date.

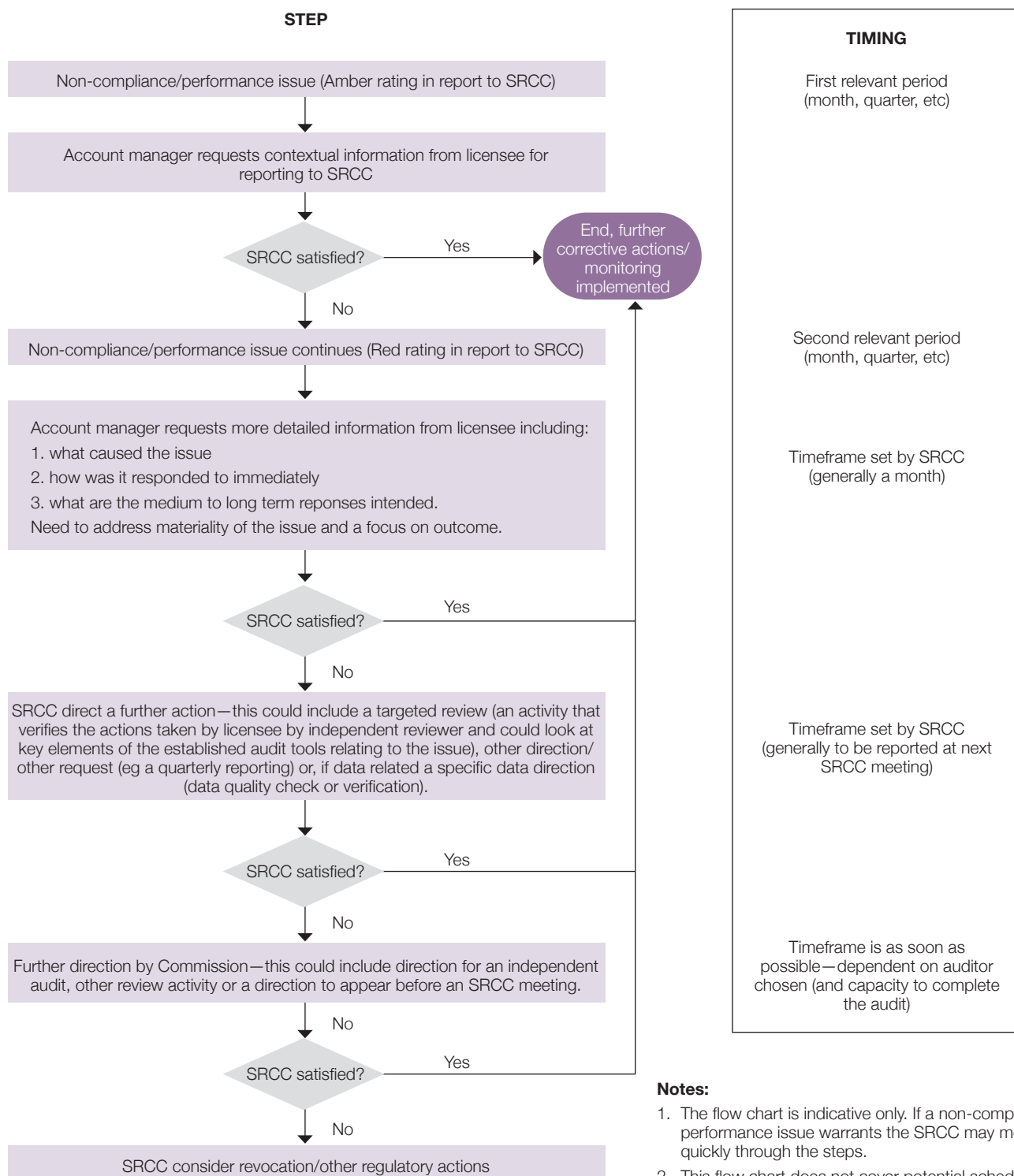
#### **Consultation and dispute resolution**

15. The SRCC has an agreed approach to dispute resolution, which is detailed in Section 9 of the LCPM.
16. The SRCC's *Policy on the provision of information and consultation requirements* – guidance for licensees is at Attachment M of the LCPM.

# Attachment I – Regulatory Response Flow Chart

## SRCC – Regulatory response flow chart

This flow chart sets out the indicative steps the SRCC will work through in the event a non-compliance or performance issue arises for a licensee under the SRCC's Licence Compliance and Performance Model.





# Attachment J – Targeted Review Template (with examples)

**Approved by SRCC:**

**Date:**

**LICENSEE:** (name of licensee)

| Performance standard               | Performance issue and actions to date   | Targeted review goal  | Recommended activities   | Timeline  | Conducted by   |
|------------------------------------|---|---|--|---|--|
| Fatalities and incidence of claims |   |   |  |   |  |
| Claims Management                  | (Name of licensee) continues to see deterioration in its timeliness measure. The context provided to the Account Manager and the improvement plan implemented by (name of licensee) has failed in being able to show any performance improvement. | To ascertain the reasons for the continued deterioration and to assist the licensee in identifying ways to improve performance. | A limited claims management audit, testing criteria x.x, x.x and x.x, with a particular focus on resourcing and system issues previously identified by the licensee through quarterly reporting. | Review to commence by (date). Expected completion by (date). To be reported to the next available SRCC meeting. | Comcare, on behalf of the SRCC, to engage independent provider to conduct review. Scope of review as identified. |
| Rehabilitation                     | Return to work rate has continued to deteriorate.<br>Context provided by (name of licensee) has not lead to any improvement and is not considered to be satisfactory in explaining continued deterioration.<br>Current performance:               | To review rehabilitation processes and procedures that may be impacting on performance of this LKPI.                            | Rehabilitation audit, limited to criteria: xx, xx, xx, xx.   | Review to commence by (date). Expected completion by (date). To be reported to the SRCC at its (month) meeting. | Comcare, on behalf of the SRCC, to engage independent provider to conduct review.                                |
| Prevention and communication       |   |   |  |   |  |

# Attachment K – Scheduled Review – Methodology for Year 6

## Scope of Scheduled Reviews

Year 6 Scheduled Reviews cover aspects of the SRCC's claims, rehabilitation and prevention Performance Standards and Measures that are not captured through the standard reporting process. They assist the SRCC to determine whether focussed regulatory action should be undertaken before the licensee requests an extension of licence in Year 8.

The criteria set out below will form the basis for scoping Scheduled Reviews, subject to the SRCC's decision in each case.

## Claims Management

The SRCC's quarterly and annual reporting process identifies:

- Accepted and Serious claim incidence rates;
- Incapacity levels;
- Claims and reconsideration timeliness; and
- Overall maintenance of the Claims Management System.

The focus of the claims element of the Scheduled Review will be on the practical application/testing of other key elements of the SRCC's claims management audit tool, such as (but not limited to) the following:

| Claims Management Audit Tool – Element    | Criterion |
|---|-----------|
| Employees are aware of rights             | 3.3       |
| Determinations in accordance with the Act | 3.5       |
| Initial liability                         | 3.7       |
| Determining incapacity                    | 3.8       |
| Determining benefits                      | 3.9       |
| Determining permanent impairment          | 3.10      |
| Reconsiderations                          | 3.12      |
| Reasonable opportunity                    | 3.13      |

## Rehabilitation Management

LKPI 5 (Return to work rate) provides the SRCC with the percentage of claims that have experienced return to work outcomes (partial or full). The focus of the rehabilitation element of the Scheduled Review will be on the practical application/testing of elements that are not as prominent in the SRCC's ongoing reporting cycle, as such as (but not limited to) the following:

| Rehabilitation Management Audit Tool – Element | Criterion |
|--|-----------|
| Employees are aware of rights                  | 3.3       |
| Early intervention                             | 3.5       |
| Rehabilitation assessments                     | 3.6       |
| Rehabilitation programs                        | 3.7       |
| Suitable employment                            | 3.8       |
| Determinations in accordance with the SRC Act  | 3.9       |
| Employee non-compliance                        | 3.10      |
| Reconsiderations                               | 3.11      |

## Prevention

The SRCC's regular reporting process identifies notifiable incidents, including fatalities. In addition, almost all licensees conduct annual audits based on the National Audit Tool, and report on these to the SRCC.

The Year 6 Prevention element will focus on verifying that the resources, accountability and processes are in place to ensure the ongoing maintenance of the SRCC's Performance Standards and Measures in practice. This will involve a focus on practical application/testing of the National Audit Tool such as (but not limited to):

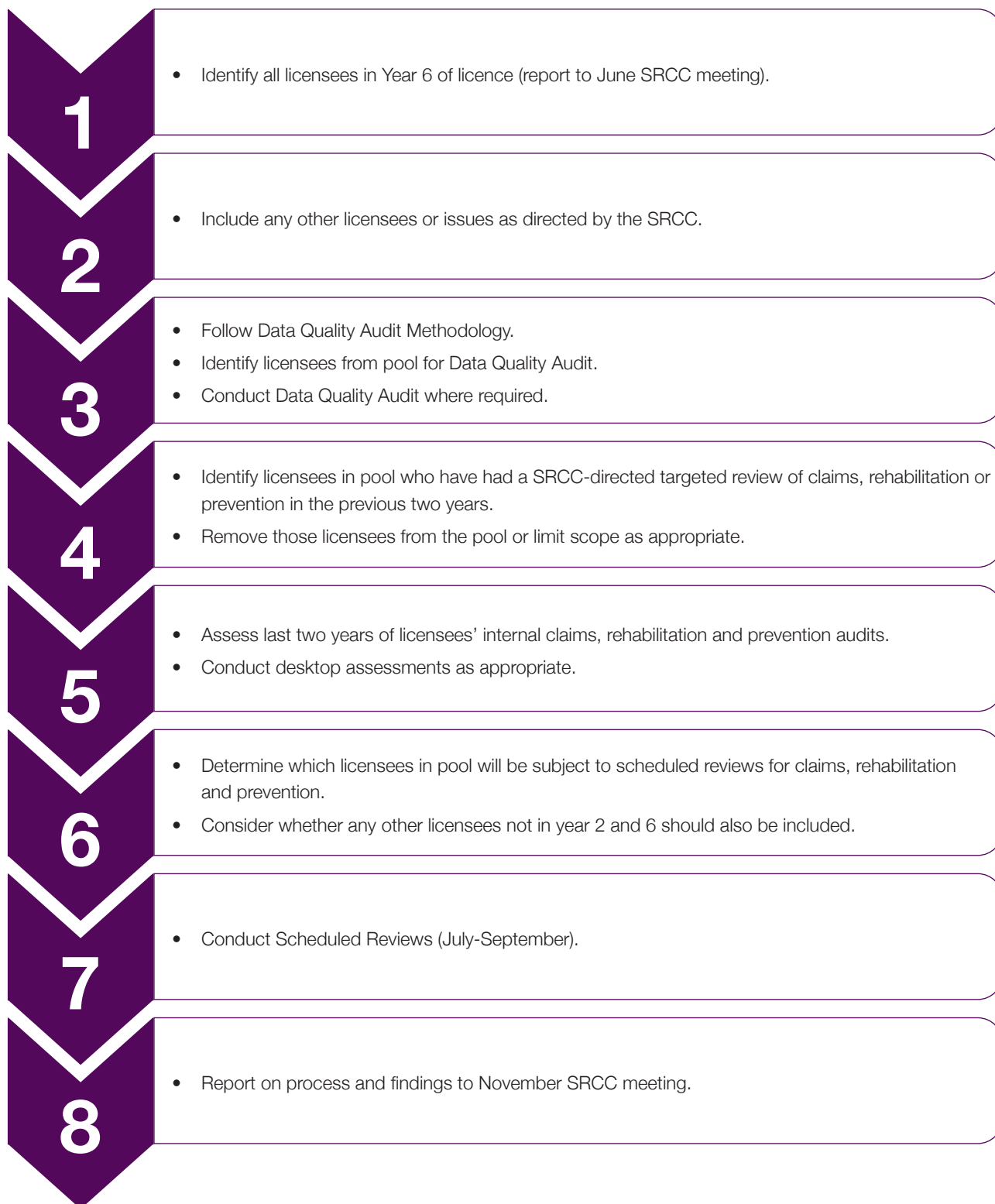
| National Audit Tool – Element                                    | Criterion |
|--|-----------|
| <b>3 – Implementation</b>  |           |
| Structure and responsibility - resources                         | 3.1       |
| Structure and responsibility – Responsibility and accountability | 3.2       |
| Structure and responsibility – Training and competency           | 3.3       |
| Consultation, communication and reporting - Consultation         | 3.4       |
| Consultation, communication and reporting - Communication        | 3.5       |
| Consultation, communication and reporting - Reporting            | 3.6       |
| Health and safety risk management program                        | 3.9       |
| Hazard identification, risk assessment and control of risks      | 3.10      |
| Emergency preparedness and response                              | 3.11      |
| <b>4 – Measurement and evaluation</b>                            |           |
| Incident investigation, and corrective and preventive action     | 4.3       |

## Desktop reviews and focus

Where the licensee has recently been subject to external claims, rehabilitation or prevention audits, the SRCC may decide that a desktop review of these audits may be conducted initially to determine whether to proceed with a Scheduled Review, and if so, the scope of the Review.

Unless otherwise determined by the SRCC, elements of performance that have been subject to a targeted review or other regulatory action within the previous year will not be reviewed again.

### Flowchart – Scheduled Review Process



# Attachment L – Policy on the provision of information and consultation requirements – guidance for licensees

## Introduction

Employers applying for a self-insurance licence under the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) are required to consult with employees and employee representatives. This is a formal and extensive process that actively seeks the views of employees.

During the term of a licence, the Safety, Rehabilitation and Compensation Commission (SRCC) generally requires licensees to provide information to employees about a number of key events or changes to the licence rather than formal consultation.

Whenever licensees are required to provide information to their employees and employee representatives in accordance with this guidance, they must ensure that their Comcare Account Managers are also provided with adequate evidence that this has occurred.

## What is information provision

‘Information provision’ is not as extensive as consultation. It is generally required by the SRCC where a change or event is occurring (or is planned) during the term of a licence which arises from a business or operational decision.

Generally speaking, information provision does not involve formally seeking the views of employees or other stakeholders. However, feedback should be invited as a matter of course and considered if received.

The licensee should ensure that all affected employees are able to be part of the process. The type of work employees do, their working environment and geographical spread of the workforce, will affect the information provision mechanisms chosen. Information provision mechanisms refer to the different methods of communicating a message, these might include meetings, email, newsletter or the intranet.

Information provided should be in a form that can be easily understood by employees and their representatives. Information should not be withheld just because it is technical, or possibly difficult to understand. However, information may need to be simplified and presented in different ways to make it comprehensible to all employees.

While information provided should be as comprehensive as appropriate and reasonable in each case, privacy and other considerations mean that information such as personal records, material involving legal professional privilege would not normally be circulated as part of the information provision process.

## Accommodating employees from culturally or linguistically diverse backgrounds

Employers should ensure that there are arrangements in place to provide information in an accessible way for all employees, including those from culturally or linguistically diverse backgrounds. Where reasonably practicable, material should be translated into appropriate languages, or non-written forms, to assist employees from non-English speaking backgrounds or low literacy levels.

## Giving employees and their representatives a reasonable opportunity to express views

Information provision does not require a formal opportunity for employee and other stakeholder views to be provided as is the case with consultation. However, as a routine matter, employees and employee representatives should always be given a reasonable opportunity to ask questions, seek clarification and provide comments.

## Reporting to the SRCC

When advising the SRCC of any of the matters requiring information provision, licensees are not required to provide a detailed breakdown of any feedback provided but should inform the SRCC of any significant trends or comments made and the nature of the licensee's response.

This guidance has been issued by the SRCC to licensees under the SRC Act. Its purpose is to assist licensees to understand the SRCC's requirements in providing information about significant events regarding self-insurance licensing to employees and employee representatives.

Consultation is a more formal and comprehensive process than providing information and is dealt with in other guidance.

## What are the SRCC's information provision requirements?

Below are the situations in which an employer is required to provide information to their employees and employee representatives. One or more of the following situations may apply depending on the nature of the change.

### When the licensee is undertaking a licence extension application

A self-insurance licence extension under the SRC Act is not automatic. It is subject to the SRCC's decision on the basis of a range of factors, such as the licensee's performance over the life of the licence. This is considered against the requirements of the Licensee Compliance and Performance Model (LCPM). The SRCC considers all aspects of the licensee's ongoing performance to determine whether the extension should be granted, and if so, for what length of time.

As an extension of licence is effectively an extension of the existing workers' compensation environment for employees, formal consultation is not required. This is because employee benefits and entitlements will not change. However, the SRCC expects that an applying licensee will provide employees with information about the process for licence extension (at a high level) and explain that it will not affect their benefits and entitlements.

Licensees should support the information provision requirement by establishing a robust feedback mechanism (for example, an online feedback portal). This will enable licensee employees and employee representatives to provide feedback in a secure but transparent manner. The licensees should detail in their request to the SRCC what information was provided and what feedback was received. This will ensure the SRCC is informed of the views of key stakeholders in the licence extension decision.

|  |   |
|--|---|
| <b>Timing</b>                              | <p>Once the licensee's principal officer has decided to seek an extension, but before they seek formal SRCC approval for the extension.</p> <p>The SRCC expects that employees and employee representatives will have been provided with access to the relevant information and details of the license extension application mechanism. This will allow the employees and their representatives to provide feedback prior to being asked to consider the licence extension request. It is important for the SRCC to be aware of the views and concerns of employees and other stakeholders when considering whether to grant a licence extension.</p> <p>The licensee should detail in its request to the SRCC what information was provided and what feedback was received.</p>  |
| <b>Information required to be provided</b> | <ul style="list-style-type: none"><li>• Basic nature of Comcare scheme self-insurance arrangements</li><li>• Licensee's reasons for choosing to remain with Comcare scheme self-insurance arrangements</li><li>• Key performance improvements and key milestones during the current term of the licence</li><li>• Period of licence, including dates for the extension</li><li>• Broad outline of the process for seeking a licence extension (including the fact the SRCC makes the final decision on the licence variation) and the likely timeline for the process</li><li>• Assurance that the employees' substantive rights and obligations under the SRC Act will not be affected by the extension</li><li>• Details of how to provide feedback to their employer</li></ul> |
| <b>Provided to</b>                         | All employees and relevant unions   |
| <b>Special considerations</b>              | Employees or ex-employees with active claims should be contacted directly to assure them that the licence extension will have no impact on the claims/payments process for them personally.   |

### Licence variation—change of claims manager or change of nominated reviewer

A licensee retains responsibility for the management of claims for workers' compensation made by its employees throughout the term of a licence. The SRCC may authorise a third party to manage a licensee's claims through a variation of the licence. This is usually an insurance company or claims management service provider.

The decision as to which third party claims manager should be used (or the decision to change to in-house claims management) is essentially a commercial decision for the licensee and therefore, does not require formal consultation with employees or their representatives. This is because it does not affect the substantive rights or entitlements of employees.

However, as claims management arrangements represent an important element of the workers' compensation environment for employees, they must be provided with appropriate information in some way and given the opportunity to provide feedback to the licensee should they wish to do so.

Information provision for a change of claims manager should meet the following requirements.

|  |   |
|--|---|
| <b>Timing</b>                              | Once the licensee has chosen the new claims manager, but before they seek formal SRCC approval for the licence variation.   |
| <b>Information required to be provided</b> | <ul style="list-style-type: none"><li>• Identity of the proposed new claims manager</li><li>• Likely timeline for the transition process (including changes to online forms, contact details etc.)</li><li>• Details of the process (including the fact the SRCC makes the final decision on the licence variation)</li><li>• Assurance that the substantive rights and obligations under the SRC Act will not be affected</li><li>• Details of how to provide feedback to their employer</li></ul> |
| <b>Provided to</b>                         | All employees and relevant unions   |
| <b>Special considerations</b>              | Employees or ex-employees with active claims should be contacted directly to explain how the claims/payments process will change for them personally.   |

### Licence variation—change of entity name, changes to parent or cross guarantees, change of specific or special licence condition

Changes to matters, such as the entity name or prudential arrangements, would normally not affect employees directly. Depending on the issue, it may be important that employees and employee representatives are aware of the overall governance and prudential environment for their employer's self-insurance arrangements.

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| <b>Timing</b>                              | Once the licensee's principal officer has formally decided to make the change assess the information, if any, to be provided and through what mechanism to provide it.  |
| <b>Information required to be provided</b> | <ul style="list-style-type: none"><li>• Reason for the change</li><li>• Nature of the change (e.g. new entity name, detail of guarantee or condition change)</li><li>• Likely timing</li><li>• Details of the process (including the fact the SRCC makes the final decision on the licence variation)</li><li>• Assurance that the substantive rights and obligations under the SRC Act will not be affected, or if they will, what will change</li></ul> |
| <b>Provided to</b>                         | All employees and relevant unions   |
| <b>Special considerations</b>              | The significance of the change may not be clear to employees. For this reason, the licensee will need to ensure this significance is clearly communicated including the implications this change will have on employees and any claims they may make.   |

## Change to management systems—technology (WHS/rehabilitation/claims)

Changes to systems throughout the life of a licence are fundamentally a business decision for the licensee. These may, however, affect employees in terms of process and procedures for how their claims and other compensation arrangements are managed. Information provided in relation to such changes should focus on what practical implications the change will have for employees with workers' compensation claims and how this will be managed.

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| <b>Timing</b>                              | Before the employer or third party insurer introduces the new system.   |
| <b>Information required to be provided</b> | <ul style="list-style-type: none"> <li>Reason for the change</li> <li>Nature of the change (e.g. change in IT provider)</li> <li>Likely timing</li> <li>Details of the process (including brief information on any SRCC approval requirements if relevant)</li> <li>Assurance that the substantive rights and obligations under the SRC Act will not be affected</li> </ul> |
| <b>Provided to</b>                         | All employees and relevant unions   |
| <b>Special considerations</b>              | The significance of the change may not be clear to employees. For this reason, the licensee will need to ensure the implications are clearly communicated, including the effects this new system will have on employees and any claims they may make.   |

## Voluntary licence revocation

Provision of information to be considered on a case-by-case basis depending on the reason for the revocation request.

A licensee can request a revocation of a self-insurance licence under the SRC Act at any time. Usually this is because a current licensed entity is being sold by a parent company or ceasing to operate. However, a licensee could also choose to exit the Comcare scheme voluntarily for commercial or other reasons.

Where this is the case, the SRCC expects that the licensee would engage comprehensively with its employees and their representatives as the revocation will substantively affect their workers' compensation arrangements for any future claims post revocation as well as changing those arrangements for any employees with injuries that occurred during the period of licence.

The SRCC would also expect a high level of engagement with the licensee in relation to the reason for the revocation being sought and the arrangements to be made for transitioning out of Comcare self-insurance arrangements.

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| <b>Timing</b>                              | Once the licensee's principal officer has formally decided to seek licence revocation, but before formal steps are taken to seek SRCC approval.   |
| <b>Information required to be provided</b> | <ul style="list-style-type: none"> <li>Reason for the revocation being sought</li> <li>Nature of the change (e.g. revocation due to sale)</li> <li>Likely timing, including likely date on which SRC Act arrangements will cease to apply (if that is the case)</li> <li>Explanation that there will be ongoing liability under the SRC Act for injuries arising out of employment during the life of the licence, even if a claim is made post-revocation</li> <li>Details of post-revocation claims management arrangements</li> <li>Details of prudential arrangements post-revocation, including the ongoing bank guarantee and powers of the SRCC to ensure that claims are managed in accordance with the SRC Act, and liabilities met</li> <li>Details of the process (including the fact the SRCC makes the final decision on the licence variation)</li> <li>Where alternative workers' compensation arrangements will apply following the revocation (if applicable)</li> </ul> |
| <b>Provided to</b>                         | All employees and relevant unions affected by the revocation. The SRCC will be particularly concerned that current or former employees with current claims receive early and comprehensive advice on the implications for them.   |
| <b>Special considerations</b>              | The significance of the change may not be clear to employees. For this reason, the licensee will need to ensure the implications are clearly communicated, including the effect this revocation will have on employees and any claims they may make.  |



## Licensee acquisition of another business or merger with another business

When a current licensee acquires a business, the SRCC's information provision requirements are directed towards employees of the business being acquired. These employees will need to be made aware of their new workers' compensation benefits and entitlements (if moving into the Comcare scheme from a State or Territory scheme), and the processes for making further enquiries or making claims.

Where an existing licensee is merging with another business or changing trading name, but remaining in the Comcare scheme, employees should be advised that their existing workers' compensation benefits and entitlements will continue unaffected, along with basic details of any changed claim management procedures (for example, new claims management team contact details).

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| <b>Timing</b>                              | Immediately on formal acquisition of the new business.  |
| <b>Information required to be provided</b> | <p>Similar to the level and nature of information to be provided to new employees.</p> <ul style="list-style-type: none"><li>• Nature of the change</li><li>• Basic details of the Comcare scheme workers' compensation if employees are entering the scheme</li><li>• Assurance that the substantive rights and obligations under the SRC Act will not be affected if the change is a merger or identity change but the licence itself is not being varied</li></ul> |
| <b>Provided to</b>                         | All employees and relevant unions as well as state regulators in the business being acquired. Where the acquisition will result in significant changes for employees in the existing licensee, all existing employees and relevant unions should also be provided with the required information.  |
| <b>Special considerations</b>              | The significance of the change may not be clear to employees. For this reason, the licensee will need to ensure the implications are communicated clearly, including the effect this formal acquisition of a new business will have on employees and any claims they may make.  |

## Licensee recruiting new employees

New employees should be provided with a basic outline of the Comcare scheme and the workers' compensation arrangements that apply to them when commencing their employment with the licensee. This should be a routine provision of information for all new employees engaged after the commencement of the SRC Act licence and would ideally be provided as part of an induction program.

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| <b>Timing</b>                              | As soon as possible after commencement of employment   |
| <b>Information required to be provided</b> | <ul style="list-style-type: none"><li>• Basic details of the Comcare scheme workers' compensation arrangements</li><li>• Overview of coverage, key benefits and entitlements</li><li>• Brief explanation of self-insurance and how the employer's licensing arrangements work</li><li>• Contact details for further information within the employer</li><li>• Reference to Comcare and the SRCC websites for further information</li></ul> |
| <b>Provided to</b>                         | Every employee on engagement   |
| <b>Purpose</b>                             | Standard part of the engagement and induction information process.   |

## Reporting of audit performance by licensee

This activity is covered by the Licence Compliance and Performance Model (LCPM) and reported against the performance standards and measures.

Under the LCPM, the requirement for yearly auditing has been removed. However, licensees may choose to continue to use the audit tools as evidence of the maintenance of their management systems. In addition, the SRCC could direct that an audit or partial audit occur as part of a targeted response to specific performance issues or a particular SRCC focus.

While a licensee is not required to provide detailed information on audit responses to employees, it is important that employees are kept aware of key regulatory issues affecting the workers' compensation and WHS environments in their workplace and understand how they can provide feedback and engage with these processes if appropriate.

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| <b>Timing</b>                              | No specific timing prescribed (unless the SRCC addresses this as part of its engagement with the licensee in relation to the audit action)  |
| <b>Information required to be provided</b> | <p>Will depend on the issue and nature of the audit, but as a general rule should include the following.</p> <ul style="list-style-type: none"><li>• Key focus area(s) of the audit</li><li>• Purpose (i.e. how the audit fits into the SRCC's oversight of the self-insurance arrangements)</li><li>• Likely timing</li><li>• Overview of what impact the audit will have on employees and the licensee's operations</li></ul> |
| <b>Provided to</b>                         | Employees and employee representatives, particularly specific areas of the business that are to be affected by the audit.   |
| <b>Special considerations</b>              | <p>The licensee should ensure an appropriate message is communicated and that employees clearly understand the purpose of the audit and whether they will be invited to provide feedback as part of the process.</p> <p>The licensee will also need to ensure appropriate privacy and other factors are taken into account in determining what level of information is to be provided.</p>                                      |

## Development of annual Licensee Compliance and Performance Improvement (LCPI) report

The information provided by the licensee as part of annual reporting should show evidence of employee engagement/ involvement. The annual LCPI report is a routine reporting mechanism for licensees to advise the SRCC on its performance against the requirements of the Licence Compliance and Performance Model (LCPM), and its overall improvements in key areas. Employees should be provided with an opportunity to comment on the overall performance of the licensee in meeting the LCPM to assist in providing the SRCC with greater depth in its understanding of the licensee's organisational climate.

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| <b>Timing</b>                              | As a routine annual component of developing the LCPI, prior to forwarding to the SRCC  |
| <b>Information required to be provided</b> | <ul style="list-style-type: none"><li>• The general nature of the licensee's SRC Act arrangements</li><li>• The nature of the SRCC's oversight as embodied in the LCPI process</li><li>• A broad outline of key issues that have arisen over the reporting cycle</li><li>• Key matters to be reported to the SRCC through the LCPI report, including the report's purpose and how the SRCC will make use of the report</li><li>• Means by which employees can provide feedback if they wish to do so</li></ul> |
| <b>Provided to</b>                         | All employees and employee representatives.  |
| <b>Special considerations/ purpose</b>     | Not a formal consultation process, but rather an opportunity for employees to provide feedback. Generally, this can be consolidated and reported at a broader level to the SRCC.   |

## Regulatory responses at the direction of the SRCC

Covered by the Licence Compliance and Performance Model (LCPM) and reported through the annual Licensee Compliance and Performance Improvement (LCPI) report

Under the LCPM, regulatory responses will generally be targeted in response to specific performance issues or a particular SRCC focus. A licensee is not required to provide detailed information on these responses to employees; however, it is important that employees are kept aware of key regulatory issues affecting the workers' compensation and work health and safety environments in their workplace and understand how they can provide feedback and engage with these processes if appropriate.

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| <b>Timing</b>                              | On receipt of formal advice from the SRCC that a regulatory response is to occur (unless the SRCC addresses this specifically as part of its engagement with the licensee in relation to the action)   |
| <b>Information required to be provided</b> | <p>Will depend on this issue and nature of the response, but as a general rule should include the following.</p> <ul style="list-style-type: none"><li>• Background to the regulatory response</li><li>• Purpose (i.e. how the response fits into the SRCC's oversight of the self-insurance arrangements)</li><li>• Likely timing and nature of the response</li><li>• Overview of what the impact the response will have on employees and the licensee's operations</li><li>• Means by which employees can provide feedback or ask questions if they wish to do so</li></ul> |
| <b>Provided to</b>                         | Employees and employee representatives, or specific areas of the business that are to be particularly affected by the response.  |
| <b>Special considerations</b>              | <p>Employees must clearly understand why the SRCC is undertaking the response, the licensee's commitment to address the issue, and whether employees will be invited to provide feedback as part of the process.</p> <p>The licensee will also need to ensure appropriate privacy and other factors are taken into account in determining what level of information is to be provided.</p>   |

## Additional information

For additional information on *Information provision and consultation requirements*, contact Comcare's Self-Insurance team by phone 1300 366 979 or email to [self.insurance@comcare.gov.au](mailto:self.insurance@comcare.gov.au).

# Attachment M – Guidance – Licence condition on information recording, retrieval and reporting requirements

## Background

- The condition of licence on information recording, retrieval and reporting requirements has been introduced following a legal review conducted by the SRCC, which identified a deficiency in the express information gathering and investigative powers of the SRCC.
- The SRCC considers this deficiency poses an unacceptable compliance risk to its enforcement activities.
- Consistent with the SRCC's consultation process and KPI 2.2 of the SRCC's Regulator Performance Framework measures, the SRCC consulted with licensees and affiliated unions on the draft new condition. Comment was sought and considered when finalising the new condition.
- The new condition builds on the existing licence condition under Information and reporting requirements and confers specific monitoring and investigative powers which are consistent with the powers of other regulators.

## Basis for the condition

- As noted in Section 108D(h) of the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act), the SRCC in granting a licence, may make the licence subject to any condition it considers necessary to achieve the relevant objects of the SRC Act – this extends to setting conditions on the provision of information and notifications in respect of specified events.
- The proposed condition is necessary for the SRCC to fulfill its role as the issuing authority and regulator of self-insurance licences under the SRC Act (as set out in Division 2 – Powers of the SRCC in relation to licences). Specifically, in order for the SRCC to adequately investigate the compliance of licensees with the conditions of the licence or the Act, the SRCC must have express information gathering and investigative powers.
- Compulsory information-gathering powers are an important and necessary part of the work of regulators. Such powers enable regulators to obtain relevant information needed to make regulatory and enforcement decisions. ASIC, APRA and the ATO are examples of regulators who have similar and more stringent information-gathering powers.

## What is covered by the condition?

- The SRCC makes its decisions and takes actions in relation to the granting and ongoing management of self-insurance licences under Part VIII of the SRC Act.
- The requirement applies to the SRCC's regulation of licensees under the SRC Act which includes management of claims, rehabilitation and prevention systems.

## What is an accessible form?

- The retention of electronic versions is sufficient, there is no need to retain physical copies of documents.
- While the SRCC's preference is that documents are available in an electronic format, physical copies are acceptable.
- Note licensees may be required to keep records under other legislation.

## What compliance requirements will be set out by the condition?

- The SRCC sets an express licence condition requiring licensees to retain records relating, directly or indirectly to its operations under its self-insurance licence.
- As the experts in their own business operation, the condition is drafted in such a way as to provide licensees with discretion in deciding what records will be retained to meet this requirement. It is expected that licensees will apply a risk-based, tailored approach that suits their operational requirements.

## Can licensees outsource records management?

- While it may be appropriate to outsource responsibility of some records to third parties, licensees remain responsible for ensuring adequate records are maintained and available.
- One entity can manage and retain information on behalf of licensees within the group.

## How does the condition operate in the context of other record keeping requirements?

- There are differing legislative requirements for record retention within Australia depending on the types of information required to be recorded – e.g. ATO, ASIC, APRA, superannuation and privacy related retention periods.
- Currently the Corporations Act requires financial records to be kept for seven years. It would be reasonable to keep the retention time frame standardised in line with company record requirements, rather than impose a separate and different burden. This condition is consistent with the Information Management Standard and the eight principles for Australian Government required by the Archives Act in relation to storage, preservation and time-frame for keeping records.
- The proposed condition is appropriate and consistent with similar compulsory information gathering requirements of other regulators such as the Australian Taxation Office, Australian Securities and Investments SRCC and Australian Prudential Regulation Authority.

## Privacy, commercial in confidence and legal professional privilege considerations

- The SRCC remains committed to meeting the highest standards when collecting, storing, using and disclosing personal information and will continue to handle any personal information it receives in line with the SRCC Privacy Policy.
- Where information provided to the SRCC is confidential and is required to be treated as such, the licensee will need to explicitly mark the information as confidential for the attention of the SRCC.

## Further information

- Licensees can discuss this condition with their Account Manager. Additionally, questions relating to this condition or any other aspect of self-insurance licences can be directed to [Secretariat@comcare.gov.au](mailto:Secretariat@comcare.gov.au).

# Version control

| Version | Completed by   | Amendment made  |
|---------|----------------|---|
| V1      | Maree Sherwood | Document creation   |
| V2      | Maree Sherwood | <p>Updates agreed from meeting No. 176, 8 March 2017:</p> <ul style="list-style-type: none"> <li>• Replace Attachment A – Standard Licence Template to include amendments to prudential conditions.</li> <li>• Include Attachment C – Prudential and Financial Framework.</li> <li>• Update Attachment D – Licence Compliance and Performance Report Template.</li> <li>• Include regulatory response flow-chart, guidance and templates.</li> </ul>  |
| V3      | Maree Sherwood | <p>Updates agreed from meeting No. 185, 14 March 2018:</p> <ul style="list-style-type: none"> <li>• Section 8: update to SRCC Regulatory Response Framework</li> </ul> <p>Updates agreed from meeting No. 186, 13 June 2018:</p> <ul style="list-style-type: none"> <li>• Section 5: references to Targeted Reviews in years 2 and 6 of licence renamed to Scheduled Reviews.</li> <li>• Section 7: clarification for method of assessment for the success factor ‘Injured Workers are supported through the claims process and their experience measured and responded to.</li> <li>• Section 8: additional information on scheduled reviews.</li> <li>• Attachment A: Standard Licence Template – correct condition 51.</li> <li>• Attachment C: Prudential and Financial Framework – correct condition 51.</li> </ul> <p>Administrative changes:</p> <ul style="list-style-type: none"> <li>• Section 6: requirement for licensee internal audit reports to be provided within 6 weeks of finalisation (<i>administrative correction</i>).</li> <li>• Attachment B: Licence Compliance and Performance Improvement (LCPI) Annual Report template (<i>clarification on information required was added to the report template to provide licensees with additional guidance – no substantive changes were made</i>).</li> <li>• Attachment D: Licence Compliance and Performance Report Template (<i>template used for November 2018 SRCC meeting</i>).</li> </ul> |

| Version | Completed by   | Amendment made   |
|---------|----------------|--|
| V4      | James Millward | <p>Updates agreed from SRCC meeting No. 186, 13 June 2018:</p> <ul style="list-style-type: none"> <li>Attachment A: correct clause 2 (definition of financial year) and related yearly accounts condition 43 in the licences of licensed Commonwealth Authorities to refer to the <i>Public Governance, Performance and Accountability Act 2013</i> rather than the <i>Corporations Act 2001</i>.</li> </ul> <p>Updates agreed from SRCC meeting No. 193, 18 September 2019:</p> <ul style="list-style-type: none"> <li>Attachment A: correct condition 16 (updated to align with privacy legislation).</li> <li>Attachment B: Licence Compliance and Performance Improvement (LCPI) Annual Report template (<i>revised template</i>).</li> <li>New attachment to include Policy on suspension or revocation of a licence under Part VIII of the SRC Act as Attachment G.</li> <li>New attachment to include Policy on variation of a licence under Part VIII of the SRC Act as Attachment H.</li> </ul> <p>Updates agreed from SRCC meeting No. 195, 4 December 2019:</p> <ul style="list-style-type: none"> <li>Attachment A: update references to Institute of Actuaries in Australia <i>Professional Standard 302: Valuations of General Insurance Claims</i> at clause 2(l) and condition 35(c).</li> <li>Attachment A: correct condition 35(c) - <i>administrative correction</i> - insertion of the word 'must' at the beginning of the subparagraph; updated number of references to IAA Professional Standard 302.</li> <li>Attachment A: correction of 'Outstanding Claim Liability has the meaning as defined in the Institute of Actuaries of Australia.'</li> <li>Attachment C: update references to Institute of Actuaries in Australia <i>Professional Standard 302: Valuations of General Insurance Claims</i> at Prudential Review.</li> <li>New attachment to include Policy on extension of a licence under Part VIII of the SRC Act as Attachment F.</li> </ul> <p>Administrative changes:</p> <ul style="list-style-type: none"> <li>Section 3: update reference to <i>Safety, Rehabilitation and Compensation Directions 2002</i> and <i>Safety, Rehabilitation and Compensation Regulations 2002</i> (<i>update to 2019 versions</i>).</li> <li>Attachment C: update reference to <i>Safety, Rehabilitation and Compensation Regulations 2002</i> (<i>update to 2019 version</i>).</li> <li>Attachment D: Licence Compliance and Performance Report Template (<i>template used for December 2019 SRCC meeting</i>).</li> <li>Regulatory Response Flow Chart has been moved to Attachment I.</li> <li>Targeted Review Template has been moved to Attachment J.</li> <li>Targeted Review Report Template has been moved to Attachment K.</li> </ul> |
| V5      | James Millward | <p>Update agreed by the SRCC on 17 June 2020:</p> <ul style="list-style-type: none"> <li>Section 8: updated to note the SRCC's ability to delegate an action or function.</li> </ul>   |

| Version | Completed by | Amendment made  |
|---------|--------------|---|
| V6      | Sophie Boyes | <p>Update agreed from SRCC meeting No. 192, 19 June 2019:</p> <ul style="list-style-type: none"> <li>• New attachment to include methodology for Scheduled Reviews of licensees in year 6 of licence as Attachment L.</li> </ul> <p>Update agreed from SRCC meeting No 205, 12 October 2020:</p> <ul style="list-style-type: none"> <li>• Attachment D: Revised reporting for the Annual Prevention and Communication indicator.</li> </ul> <p>Updates agreed from SRCC meeting No 208, 19 February 2021:</p> <ul style="list-style-type: none"> <li>• Section 5: Updates to the oversight and regulation model to correct terminology and achieve greater clarity to key differences between licensee phases.</li> <li>• Section 8: Minor wording updates to the SRCC's regulatory response framework to better reflect the SRCC's current regulatory model.</li> <li>• Section 8: Updates to the targeted review methodology to include that the SRCC may make specific recommendations about the scope of any targeted reviews.</li> <li>• Section 8: Reference to Attachment L included under Scheduled Reviews.</li> <li>• New attachment to include Policy on the provision of information and consultation requirements – guidance to licensees as Attachment M.</li> <li>• Section 9: Updates to include a flow chart of the consultation and dispute resolution process.</li> <li>• Attachment F: Minor wording updates to reference the SRCC's approach to dispute resolution is detailed in Section 9.</li> <li>• Attachment G: Minor wording updates to reference the SRCC's approach to dispute resolution is detailed in Section 9.</li> <li>• Attachment H: Minor wording updates to reference the SRCC's approach to dispute resolution is detailed in Section 9.</li> </ul> <p>Updates agreed from the SRCC meeting No 210, 31 March 2021:</p> <ul style="list-style-type: none"> <li>• Attachment A: Amend wording to general condition 26 of licence (retention of licence related records).</li> <li>• New attachment to include Guidance – Licence condition on information recording, retrieval and reporting requirements as Attachment N.</li> <li>• Section 6: Reference to Attachment N included under general licence condition on information recording, retrieval and reporting requirements.</li> </ul> |
| V7      | Sophie Boyes | <p>Updates agreed from SRCC meeting No 215, 13 September 2021:</p> <ul style="list-style-type: none"> <li>• Section 9: Revised wording for dispute resolution process.</li> <li>• Attachment D: Revised Licence Compliance and Performance Report Template.</li> </ul> <p>Updates agreed from SRCC meeting No 216, 22-28 October 2021:</p> <ul style="list-style-type: none"> <li>• Attachment A: Standard Licence Template to include updated reference to Australian Prudential Regulatory Authority <i>Professional Standard 304: Actuarial and Related Matters</i> at clause 2(o) and administrative changes.</li> </ul>  |



| Version | Completed by   | Amendment made   |
|---------|----------------|--|
| V8      | Maree Sherwood | <p>Updates agreed at SRCC meeting No 225, 12 October 2022:</p> <ul style="list-style-type: none"> <li>• Section 4 SRCC objectives and principles: amended to align with the format in the SRCCs Statement of Intent issued December 2021.</li> <li>• Attachment F Policy on extension of a licence under Part VIII of the SRC Act: minor updates</li> <li>• Attachment G: Policy on suspension or revocation of a licence under Part VIII of the SRC Act: minor updates</li> <li>• Attachment H: Policy on variation of a licence under Part VIII of the SRC Act: minor updates</li> </ul>   |
| V9      | Maree Sherwood | <p>Updates agreed at SRCC meeting No. 230, 14 June 2023</p> <ul style="list-style-type: none"> <li>• Chapter 6: Update to clarify that non-compliance for two or more consecutive periods will be reported to the SRCC</li> <li>• Chapter 7: The success factors, performance indicators and methods for assessment updated to reflect the endorsed revised performance measures: <ul style="list-style-type: none"> <li>– Incident rate of all (accepted) claims is improving</li> <li>– Incident rate of all (accepted) claims reaching one week of incapacity is improving</li> </ul> </li> <li>• Chapter 8: Update to targeted review – regulator actions guidance to reflect amended LKPIs 3, 4 and 5</li> <li>• Attachment D: Revised Licence Performance Report template to include revised LKPIs 3, 4 and 5</li> <li>• Attachment E: Performance Assessment Methodology updated to include revised LKPIs 3, 4 and 5</li> <li>• Attachment J: Targeted Review template updated to reflect a deterioration in return to work rate would be a rehabilitation performance issue considered in targeted reviews</li> <li>• Attachment L: Rehabilitation Management section updated to reflect revised LKPI 5</li> </ul> |
| V10     | Maree Sherwood | <p>Updates agreed at SRCC meeting No 231, 15 September 2023:</p> <ul style="list-style-type: none"> <li>• Section 6: Revised wording for requirements, management systems and prudential conditions</li> <li>• Removal of Attachment K: Targeted Review Report Template</li> </ul>   |