SUPPLEMENTARY GAZETTE

THE SOUTH AUSTRALIAN

GOVERNMENT GAZETTE

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ADELAIDE, THURSDAY, 25 JULY 2013
WORKERS REHABILITATION AND COMPENSATION ACT 1986

Code of Conduct for Self-Insured Employers

Preamble

Subsection 60 (4) (bb) of the Workers Rehabilitation and Compensation Act 1986 (the Act) states that registration as a self-insured employer under that section:

‘is subject to a condition that the self-insured employer will comply with any code of conduct for self-insured employers determined by the Corporation from time to time and published in the Gazette’

NOTICE

Pursuant to subsection 60 (4) (bb) of the Act and in accordance with the power delegated to me by the Board of the WorkCover Corporation of South Australia (the Corporation) under the current Instrument of Delegation of the WorkCover Corporation of South Australia, I, Greg McCarthy, Chief Executive Officer of the Corporation, give notice that the attached document is the Code of Conduct for Self-Insured Employers determined by the Corporation and published in the South Australian Government Gazette.

The Code of Conduct for Self-Insured Employers will have effect from the date it is published and supersedes the Code of Conduct for Self-Insured Employers previously published in the Government Gazette on 18 April 2013.

Confirmed as a true and accurate record of the decision of the Corporation.

Dated 9 July 2013.

GREG MCCARTHY, Chief Executive Officer
WorkCover

Code of conduct for self-insured employers under the WorkCover Scheme

Version 9

Author: Employer Services Directorate
Release Date: July 2013 (as published in the Government Gazette)
Review Date: July 2015
Code of conduct for self-insured employers

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<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Act</td>
<td>the Workers Rehabilitation and Compensation Act 1986</td>
</tr>
<tr>
<td>Board</td>
<td>the Board of Management of WorkCover as constituted by the WCA, or any properly delegated committee appointed by the Board of Management.</td>
</tr>
<tr>
<td>the Code</td>
<td>the self-insured employer code as amended from time to time and published in the Gazette pursuant to section 60(4)(bb)</td>
</tr>
<tr>
<td>compensable injury</td>
<td>an injury that is compensable by virtue of section 30 of the Act</td>
</tr>
<tr>
<td>Compensation Fund</td>
<td>the Compensation Fund as set up pursuant to section 64(1) of the Act</td>
</tr>
<tr>
<td>Crown self-insured employer</td>
<td>an employer deemed registered as a self-insured employer under section 61 of the Act</td>
</tr>
<tr>
<td>Crown</td>
<td>the State of South Australia and any agency or instrumentality of the Crown in right of the State of South Australia.</td>
</tr>
<tr>
<td>employer(s)</td>
<td>Employer has the same meaning as in the Act</td>
</tr>
<tr>
<td>Gazette</td>
<td>as defined in section 4(1) of the Acts Interpretation Act 1915</td>
</tr>
<tr>
<td>gearing ratio</td>
<td>total liabilities ÷ equity</td>
</tr>
<tr>
<td>group of self-insured employers</td>
<td>a group of self-insured employers registered under section 60(3) of the Act</td>
</tr>
<tr>
<td>Industrial association</td>
<td>as defined by section 3 of the Act</td>
</tr>
<tr>
<td>liquidity ratio</td>
<td>current assets ÷ current liabilities</td>
</tr>
<tr>
<td>local government corporations</td>
<td>has the meaning as defined in section 3(1) of the Act and regulation 5 of the Regulations.</td>
</tr>
<tr>
<td>mercantile agency</td>
<td>such mercantile or credit agency that WorkCover in its absolute discretion determines</td>
</tr>
<tr>
<td>natural consequences model</td>
<td>the natural consequences model referred to in the standards</td>
</tr>
<tr>
<td>net worth</td>
<td>total tangible assets minus total liabilities</td>
</tr>
<tr>
<td>nominated officer</td>
<td>private self-insured employers - the most senior employee responsible for operations in South Australia, or where required and/or agreed by WorkCover another person, with the delegated authorities to significantly affect the business of the self-insured employer. Crown self-insured employers - the Chief Executive of the Agency.</td>
</tr>
<tr>
<td>nominated officer report</td>
<td>Report issued by the nominated officer as detailed in this Code</td>
</tr>
<tr>
<td>non-compliance</td>
<td>a breach or failure to comply with the Act, any Regulations or determinations made under the Act or a term or condition of registration</td>
</tr>
<tr>
<td>Term</td>
<td>Meaning</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Self-insured fee</td>
<td>the fee referred to in clause 6.4</td>
</tr>
<tr>
<td>performance indicators</td>
<td>the performance indicators contained in the natural consequences model as amended from time to time by WorkCover and notified to self-insured employers</td>
</tr>
<tr>
<td>private employer</td>
<td>any employer other than a Crown employer</td>
</tr>
<tr>
<td>private self-insured employer</td>
<td>any self-insured employer other than a Crown self-insured employer</td>
</tr>
<tr>
<td>profitability ratio</td>
<td>net profit after tax + shareholders' funds</td>
</tr>
<tr>
<td>RA regulations</td>
<td>the Workers Rehabilitation and Compensation (Reviews and Appeals) Regulations 1999</td>
</tr>
<tr>
<td>ratings agency</td>
<td>Standard &amp; Poor's or Moody's and any other such agency as WorkCover deems fit</td>
</tr>
<tr>
<td>registered employer</td>
<td>an employer that is registered pursuant to section 59 of the Act</td>
</tr>
<tr>
<td>Regulations</td>
<td>the Workers Rehabilitation and Compensation Regulations 2010</td>
</tr>
<tr>
<td>related bodies corporate</td>
<td>has the same meaning as in section 60(9) of the Act</td>
</tr>
<tr>
<td>relevant legislation</td>
<td>The relevant legislation includes:</td>
</tr>
<tr>
<td></td>
<td>• the Act</td>
</tr>
<tr>
<td></td>
<td>• Regulations</td>
</tr>
<tr>
<td></td>
<td>• the WHS Act</td>
</tr>
<tr>
<td></td>
<td>• the WHS Regulations</td>
</tr>
<tr>
<td></td>
<td>• the WCA</td>
</tr>
<tr>
<td></td>
<td>• any other legislation of either the State or Commonwealth parliaments that may directly or indirectly affect the safety of workers in the self insured employer's workplace or the management or administration of workers compensation claims</td>
</tr>
<tr>
<td>Schedule 1</td>
<td>Schedule 1 to the Regulations</td>
</tr>
<tr>
<td>Scheme</td>
<td>the South Australian Workers Compensation Scheme</td>
</tr>
<tr>
<td>self-insured employer</td>
<td>an employer that is registered by WorkCover as a self-insured employer pursuant to Division 1 of Part 5 of the Act</td>
</tr>
<tr>
<td>SISA</td>
<td>Self Insurers of South Australia Incorporated</td>
</tr>
<tr>
<td>standards</td>
<td>the performance standards and performance indicators for self-insured employers as annexed to this Code as amended and notified to self-insured employers by WorkCover from time to time</td>
</tr>
<tr>
<td>Term</td>
<td>Meaning</td>
</tr>
<tr>
<td>-----------------------------</td>
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</tr>
<tr>
<td>transitional claims</td>
<td>any form of assertion by a past or present worker to an entitlement to receive money from WorkCover pursuant to the Act that:</td>
</tr>
<tr>
<td></td>
<td>• is payable after the date of registration of a self-insured employer or group of self-insured employers;</td>
</tr>
<tr>
<td></td>
<td>• arises from a compensable injury which occurred prior to the date of registration of a self-insured employer or group of self-insured employers</td>
</tr>
<tr>
<td></td>
<td>• arises in the course of employment by that self-insured employer or that group of self-insured employers;</td>
</tr>
<tr>
<td></td>
<td>and includes:</td>
</tr>
<tr>
<td></td>
<td>• such an assertion (whenever received) even if it is not successful</td>
</tr>
<tr>
<td></td>
<td>• anything which is consequential upon such an assertion being successful or unsuccessful</td>
</tr>
<tr>
<td></td>
<td>• the entire amount that the nominated worker is or may become entitled to receive from WorkCover pursuant to the relevant provisions of the Act whether or not a separate or further assertion of an entitlement to receive the same is made by the person</td>
</tr>
<tr>
<td></td>
<td>• all claims for compensation which were included in the Actuarial calculation that determined the CMP</td>
</tr>
<tr>
<td></td>
<td>• such other claims as may be included in an SIETCMA entered into by WorkCover or a self-insured employer</td>
</tr>
</tbody>
</table>

**WCA** the *WorkCover Corporation Act 1994*

**WorkCover** the WorkCover Corporation of South Australia

**worker** (a) a person by whom work is done under a contract of service (whether or not as an employee), and (b) a person who is a worker by virtue of section 103A of the Act, and includes a former worker and the legal representative of a deceased worker.

**WHS Act** the *Work Health and Safety Act 2012* (SA)

**WHS employer registration fee** The fee payable under WHS Act as of 1 January 2013 and also includes occupational health and safety fee payable under the *Occupational Health Safety and Welfare Act 1986* (SA)

**WHS Regulations** the *Work Health and Safety Regulations 2012*

PREAMBLE

Note: Terms in italics are defined in the Glossary.

The purpose of this Code

The purpose of the Code is to:

- provide to self-insured employers a comprehensive framework of WorkCover's policies and procedures in administering the Workers Rehabilitation and Compensation Act 1986 (the Act);

(1) ensure all self-insured employers are aware of the ongoing obligations of registration as a self-insured employer,

(2) constitute a code of conduct for self-insured employers that each self-insured employer must comply with as a condition of their registration pursuant to section 60(4)(bb) of the Act; and

(3) express those terms and conditions to which registration of all self-insured employers and groups of self-insured employers are subject as determined by WorkCover under section 60(4)(a)(ii) of the Act (but not those terms and conditions which have been determined by WorkCover to be applicable to an individual self-insured employer or a group of self-insured employers).

Integration with the Scheme

Self-insurance is an integral part of the Scheme and it is our intention that self-insurance is firmly integrated into all aspects of Scheme operations.

WorkCover Policy on self-insured employer status

The WorkCover Board has formulated a formal policy statement on the continued existence of self-insured employer status. It states, amongst other things, that:

(1) the Board recognises that the Act contains provision for self-insured employer status as an integral part of the Scheme

(2) the Board views the financial security of the Scheme as being of significant importance in the administration and continuation of self-insured employer registrations

(3) the Board recognises that self-insured employer status should only be made available to employers that are able to achieve and maintain the required level of performance of the standards and to comply with the requirements of the Act to a standard determined by WorkCover from time to time. The Board also recognises that self-insured employer status should only be made available to employers who can satisfy the Board as to their ability to continue to meet all obligations of registration as a self-insured employer, and that the granting of self-insured employer status is consistent with:

(a) the best interests of the Compensation Fund, and

(b) the achievement of the objects and functions specified in the WorkCover Corporation Act ("the WCA") and the Act
(4) the Board further recognises that the Act allows for a conferral of self-insured employer status for a period not exceeding three years, and prior to the expiry of each grant, the self-insured employer must re-apply to renew its registration in accordance with the provisions of the Act.

(5) the Board requires that all self-insured employers maintain compliance with the standards and continuous improvement throughout the period of registration, with the consequences of a failure to comply resulting in a potential revocation, reduction or the placing of conditions on self-insured employer status or refusal to renew self-insured employer status.

(6) the Board requires employers who are related bodies corporate to be registered as a group of self-insured employers.

WorkCover’s role

WorkCover performs a number of statutory functions in respect of an employer that is registered as a self-insured employer. They include:

(1) the supervision of self-insured employers to ensure compliance with the standards and the Act, and

(2) responsibility for the administration of the Act including as it applies to workers of self-insured employers to ensure those workers are treated in a manner that complies with the Act.

The Code is an important element of WorkCover’s discharge of those statutory functions.

WorkCover recognises that the implementation of the Code is subject to the common law principles of procedural fairness and natural justice. Further information about WorkCover’s commitment to maintaining an equitable state-based workers compensation system can be found in its corporate plan at www.workcover.com.

Important considerations when contemplating self-insured employer status

WorkCover recognises that the decision to apply for self-insured employer status is a decision for the employer itself. However, the employer is advised of the following important considerations when contemplating self-insured employer status:

(1) (a) On attaining self-insured employer status, the self-insured employer becomes solely responsible for any claims cost of compensable injuries, incurred by its workers after the date of registration.

(b) A condition of registration will include management and funding of compensable injuries sustained by its workers prior to the date of registration in return for a capped fee calculated by reference to any actuarial estimate of those claim costs.

(2) The self-insured employer must commit significant financial and management resources to ensure ongoing compliance with the requirements of the Act and any terms and conditions of registration imposed by WorkCover.
(3) The self-insured employer must provide actuarial estimates of its current and future claim costs annually, and provide and maintain such guarantees and excess of loss insurance that are proportionate to those estimates as approved by WorkCover.

(4) The self-insured employer must maintain appropriate claims management facilities and expertise to ensure ongoing compliance in relation to claims management.

(5) The self-insured employer must also pay a fee pursuant to section 72B of the Act and any adjustments to fee as determined by WorkCover to apply to the self-insured employer from time to time, in accordance with the Act, the Regulations and this Code.

(6) Self-insured employer status provides an employer with greater flexibility and an opportunity to reduce overall costs if it excels in reducing claims numbers and administering claims but in doing so the self-insured employer must maintain compliance with the obligations of registration as a self-insured employer.
Chapter 1

1. Introduction

1.1 The Code

This code is constituted by the Preamble, Chapters 1 to 11 (inclusive), Glossary of Terms and Annexures as amended from time to time by WorkCover and published in the Gazette pursuant to section 60(4)(bb). The Code is to be known as the self-insured employer code and any references in this Code to 'the Code' means the self-insured employer code.

1.2 The Workers Rehabilitation and Compensation Act 1986

(a) Compliance with the Code (as determined by WorkCover from time to time and published in the Gazette) is enforceable as a condition of registration of that self-insured employer pursuant to Section 60(4)(bb) of the Act.

(b) Pursuant to WCA, the Act is administered by WorkCover in accordance with the objects of the Act set out in section 2 of the Act.

1.3 Other parts of the Act apply

(a) Part 5 of the Act contains the primary requirements in relation to application for the grant and renewal of registration as a self-insured employer.

(b) Other parts of the Act also apply and continue to apply to an employer upon registration as a self-insured employer.

1.4 Background

Self-insured employer status under the Act was created at the commencement of the Act on 30 September 1987. All employers that were self-insurers under the previous legislation had an automatic right to be self-insured employers, and most self-insurers at that time took up this right. Since that time all private sector employers that wished to become self-insured employers had to apply and be approved under the provisions of the Act.

The Crown and any agency or instrumentality of the Crown is deemed under section 61 of the Act to be registered as a self-insured employer. The Code of Practice for Crown Self-Insured Employers expresses the obligations of Crown self-insured employers.

1.5 The regulatory framework

(a) The self-insured employer must comply with regulatory framework consisting of the relevant legislation and the Code.

(b) The Code must be interpreted and applied so as to be consistent with the relevant legislation.
1.6 Inconsistencies

(a) The Code and the relevant legislation are intended to operate concurrently.

(b) Where there is an inconsistency between the Code and a provision of the relevant legislation, the relevant legislation will prevail.

1.7 Application and operation

(a) Pursuant to section 60(4)(bb) of the Act, the Code applies as a condition of registration as a self-insured employer.

(b) With respect to employers applying for self-insured employer status, the Code as in force at the time of the grant of registration becomes operative as a term and condition of registration upon the grant of registration.

1.8 Updates

(a) A copy of the Code as amended from time to time and published in the Gazette may be obtained from the WorkCover website at www.workcover.com.

(b) Where there is an inconsistency between the Code available from the WorkCover website and the Code as last published in the Gazette, the gazetted version will prevail.

1.9 Group of self-insured employers

(a) The Act allows for a group of employers to apply to WorkCover for registration as a group of self-insured employers.

(b) Chapter 9 of the Code sets out the requirements and obligations of group employers.

(c) Unless otherwise specified, a reference in the Code to ‘self-insured employer’ includes a reference to a group of self-insured employers.

1.10 Indemnified maritime employers

Pursuant to section 60 of the Act, indemnified maritime employers may apply to be registered as self-insured employers.

1.11 Notification

An employer which is granted registration as a self-insured employer has an ongoing obligation to notify WorkCover of any change to its circumstances or conditions which are relevant to that grant of registration.
1.12 *Italicised expressions*

(a) The italicised expressions in the Code have the meanings specified in the Glossary.

(b) Other derivatives and grammatical forms of a word or phrase defined in the Code have a corresponding meaning.

1.13 *Interpretation*

Unless otherwise specified in the Code:

(a) headings are for convenience only and do not affect the interpretation of the Code

(b) words importing the singular include the plural and vice versa

(c) the provisions of the *Acts Interpretation Act 1915* (SA) applicable to the interpretation of a statutory instrument are to be treated as applicable to the interpretation of the Code

(d) a reference to notification means notification in writing. Writing shall include facsimile transmission, email or other electronic means of communication that is ordinarily able to be reproduced on paper, and

(e) the use of the word 'including' shall not limit the generality of anything preceding that word.
Chapter 2

2. Obligations of self-insured employers

2.1 Application

This chapter applies to private employers registered as self-insured employers under section 60 of the Act.

2.2 General

(a) This chapter sets out the ongoing obligations of an employer once registered as a self-insured employer by WorkCover.

(b) Compliance by the self-insured employer with the conditions and other obligations of registration will be subject to ongoing review by WorkCover.

2.3 Obligations of a self-insured employer

Pursuant to section 60(4) of the Act, registration as a self-insured employer is subject to:

(a) a condition that the self-insured employer must not exercise any power or discretion delegated to the self-insured employer under the Act unreasonably, and

(b) such other terms and conditions as WorkCover determines from time to time or as are prescribed by the Regulations, and

(c) a condition that the self-insured employer will comply with any code of conduct for self-insured employers determined by WorkCover from time to time and published in the Gazette.

2.4 Delegated powers and discretion

2.4.1 Powers delegated

The powers delegated to self-insured employers are set out in section 63 of the Act.

2.4.2 Mechanism of delegation

(a) A delegation of powers to a self-insured employer is effective immediately upon the registration of the employer as a self-insured employer by virtue of the Act.

(b) WorkCover will issue notice of grant of registration or renewal of registration to the self-insured employer.
2.4.3 Effect of delegation

(a) A delegation of powers by virtue of the Act means the self-insured employer assumes the role of WorkCover as the compensating authority in respect of worker costs of compensable injuries suffered by the self-insured employer’s workers on and after the date of registration to the extent specified in section 63(1) of the Act.

(b) These powers are delegated to the self-insured employer directly and cannot be further delegated to any person or other body corporate, i.e. the delegated powers must be exercised directly by the self-insured employer.

(c) Section 63 of the Act also provides that:

(i) A decision made by the self-insured employer in the exercise of a delegated power or discretion has the same force and effect as if it was a decision of WorkCover and shall be subject to review and appeal in the same way as a decision of WorkCover – section 63(4).

(ii) WorkCover cannot exercise a power or discretion that has been delegated to a self insured employer – section 63(2).

(iii) WorkCover cannot interfere with or overrule a decision of a self-insured employer made in the exercise of a delegated power, except pursuant to section 63 – section 63(3).

(iv) WorkCover may direct a self-insured employer as to the exercise of its delegated powers under Division 4B of Part 4 of the Act and the determination of a lump sum to be paid to an orphan child, or to orphan children – see sections 63(3aa) and 63(3a).

2.4.4 Reasonable exercise of powers

(a) Self-insured employers must exercise their delegations in a reasonable manner and in accordance with the law.

(b) In the event a self-insured employer exercise a delegated power unreasonably, WorkCover may withdraw all or part of the relevant delegated power. In certain circumstances where a self-insured employer has exercised a delegated power unreasonably, WorkCover may revoke the employer’s registration as a self-insured employer.
2.5 Additional terms and conditions of registration

2.5.1 Criteria under section 60(6) of the Act

(a) WorkCover has determined that it is a condition of continuing registration of a self-insured employer or a group of self-insured employers that it does not undergo a materially adverse change in any of the circumstances WorkCover considered in granting self-insurance or the last renewal of a self-insured registration. Should such a material change be noted, the self-insurance status may be reduced or revoked. These circumstances are the matters WorkCover had regard to in accordance with section 60 of the Act when conferring or renewing self-insured status including all of the material supplied to WorkCover by the employer or group of self-insured employers in support of its application for the conferral or renewal of self-insured employer status, to the extent relevant to those matters.

(b) From time to time, WorkCover may notify the self-insured employer of other matters WorkCover considers relevant to the maintenance of self-insured status and the standard of compliance the employer must demonstrate in order to maintain self-insured employer registration.

2.5.2 Performance standards

(a) WorkCover has determined that ongoing conformance with the standards is a term and condition of registration as a self insured employer.

(b) The standards are a set of standards and performance indicators that are used by WorkCover to evaluate an employer's performance in relation to prevention of injury in the workplace, compliance with relevant legislation, claims management and rehabilitation.

(c) WorkCover will undertake a regular evaluation of an employer's compliance with the standards in accordance with Chapter 8 of this Code.

(d) A copy of the current standards is Annexure A to the Code.

2.5.3 Schedule 1 of the Regulations

(a) Pursuant to regulation 12 of the Regulations, the registration of an employer as a self insured employer is subject to ongoing compliance with the terms and conditions prescribed in Schedule 1.

(b) It is a condition of registration that the self-insured employer must comply with any policies or requirements notified by WorkCover from time to time in relation to the application of Schedule 1.
(c) WorkCover has determined the following policies and requirements in relation to Schedule 1.

(i) Provision of data

A self-insured employer will be deemed to have complied with these obligations if it establishes and maintains a consistent and regular pattern of data provision.1 For these purposes, a 'consistent and regular pattern' will be:

(A) data provided within 14 days or such other time as approved by WorkCover.

(B) no more than two missed or failed/rejected data submissions in any six-month period

(C) no occurrences of two or more consecutive missed or failed/rejected transmissions

(D) all errors at batch and line levels resolved within one month

(E) all coding queries resolved within one month

(F) when the self-insured employer changes its claims database, it should discuss the arrangements for data provision during the period of system transition with WorkCover, to ensure any resulting lapse in data transmission does not exceed one month, or where delays are beyond the control of the self insurer, such other period as agreed between WorkCover and the self insurer

(G) when WorkCover changes the data requirements, the self-insured employer meets those new data requirements within three months of being notified of those changes

(ii) Actuarial reports

(A) Each self-insured employer is required to submit an actuarial report within two months of the end of the self-insured employer's financial year. The report must be prepared by an actuary following WorkCover's actuarial guidelines, which are Annexure B to this Code.

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1 When an employer is first granted self-insured status, a reasonable timeframe for an operational claims data base will be determined by WorkCover up to a maximum of six months.
(B) The actuarial reports are used by WorkCover to determine the appropriate level of financial guarantee to be provided by the self-insured employer.

(C) A failure to provide the report to WorkCover within the time stipulated in Schedule 1 will be considered to be a serious breach of the terms and conditions of registration.

(iii) Guarantees

(A) Each self-insured employer must provide a financial guarantee determined in accordance with Schedule 1.

(B) WorkCover has determined that the guarantee must:

1. be an unconditional undertaking to pay money on demand
2. be a continuing guarantee
3. be provided by a financial institution that is not related to the self-insured employer and that has a Standard & Poor's credit rating not less than A+.
   WorkCover will, however, accept guarantees from an institution that has an A or A- rating provided that the guarantee from that institution in respect of any one self-insured employer does not exceed $2million, and
4. be provided by a financial institution that is subject to prudential regulation by the Australian Prudential Regulation Authority (APRA) unless WorkCover decides otherwise,

(C) WorkCover may consider other forms of security that provide a comparable level of security to WorkCover but WorkCover will have the sole discretion as to the acceptability of such alternative forms of security.

(iv) Excess of loss insurance

(A) Self-insured employers are required to obtain and maintain an excess of loss insurance policy, and produce evidence of its existence to the satisfaction of WorkCover.
(B) WorkCover has determined that such excess of loss insurance must satisfy the following:

1. not less than $100 million on the sum insured
2. a deductible of not less than $500,000 per event or series of events, and
3. if the self-insured employer elects to include a stop loss excess or aggregate excess, such stop loss or aggregate excess must not be less than the higher of:
   a. three times the individual incident excess, or
   b. 10% above the average incurred claim cost for the prior three years.

(v) Annual reports

Self-insured employers are required to provide audited annual financial statements of the self-insured employer not later than five months after the expiry of the self-insured employer's financial year.

(vi) Notification of corporate changes

In addition to the requirement to notify WorkCover on the happening of any of the circumstances set out in paragraph 10 of Schedule 1, self-insured employers must also notify WorkCover in the event of any change to the position of:

(A) chief executive officer of the self-insured employer

(B) nominated officer of the self-insured employer, or

(C) any officer or officers who have responsibility for the compliance of the employer with the requirement of the WHS Act and injury management systems.

(d) A copy of Schedule 1 is Annexure C to the Code.
2.5.4 Financial distress

(a) WorkCover has determined that a term and condition of registration of any self-insured employer is that the self-insured employer not be in financial distress.

(b) For the purposes of this clause, a self-insured employer is in financial distress if it:

(i) is in liquidation or provisional liquidation or under administration

(ii) has a controller (as defined in the Corporations Act 2001) or analogous person appointed to it or any of its property or if any steps are taken for such an appointment

(iii) is taken under section 459F(1) of the Corporations Act 2001 to have failed to comply with a statutory demand

(iv) is unable to pay, or stops or suspends or threatens to stop or suspend payment of, its debts

(v) an application or order, other than an application contested in good faith which is stayed, dismissed or withdrawn within 14 days, is made, or a resolution is passed, for its winding up or notice is given of an intention to make such an application or propose such a resolution other than a solvent reconstruction or amalgamation

(vi) is otherwise insolvent

(vii) enters into a compromise or arrangement with, or assignment for the benefit of, any of its members or creditors, or

(viii) suffers an event analogous to any of the events describe in this clause

2.5.5 Ongoing compliance with assessment criteria

WorkCover has determined that a term and condition of registration of any self-insured employer is the ongoing compliance by the self-insured employer with the assessment criteria set out in the following clauses of the Code:

(a) clause 3.5.3

(b) clause 3.5.4

(c) clause 3.5.5

(d) clause 3.5.6

(e) clause 3.5.7
(f) clause 3.5.8
(g) clause 3.5.9
(h) clause 3.5.10
(i) clause 3.5.11

2.5.6 Other terms

WorkCover may determine other terms or conditions of registration to apply to a particular self-insured employer.

2.6 Non-compliance

Pursuant to its powers under the Act, WorkCover may do one or more of the following if a self-insured employer fails to comply with the Act or a term or condition of registration:

(a) pursuant to section 60(5) of the Act, revoke or reduce the period of registration as a self-insured employer as outlined in Chapter 5

(b) pursuant to section 728(3) of the Act, allocate the self-insured employer to a class of self-insured employers that pay an increased fee as outlined in Chapter 6

(c) pursuant to section 122 of the Act, prosecute the self-insured employer for a breach of the Act

(d) pursuant to section 63(6) of the Act, withdraw (in whole or in part) the delegated powers of the self-insured employer

(e) take such a non-compliance with the Act or a term of condition of registration into account when determining whether to subsequently renew self-insured employer status.
Chapter 3

3. Eligibility and assessment criteria

3.1 Application

This chapter applies to all private employers applying for:

(a) registration as a self-insured employer or group of self-insured employers, and/or

(b) a renewal of self-insured employer registration.

3.2 General

(a) This chapter sets out and describes the application of the eligibility and assessment criteria that must be satisfied in order for an employer or group of employers to become or remain self-insured.

(b) Unless otherwise specified, an application for registration as a self-insured employer must be made in accordance with the requirements of the Act as set out in Chapter 4 of the Code.

3.3 Satisfaction of WorkCover

An employer must establish to the satisfaction of WorkCover that it has reached the standard that, in the opinion of WorkCover, must be achieved before conferral of self-insured status will be considered.

3.4 Eligibility

Pursuant to section 60(2) of the Act, an application for registration as a self-insured employer may only be made by an employer that is:

(a) a body corporate or

(b) an indemnified maritime employer, or

(c) a group of related bodies corporate or local government corporations.

3.4.1 Group of employers

(a) Pursuant to section 60(1) of the Act, a group of employers may apply to WorkCover for registration as a group of self-insured employers providing they are related bodies corporate under section 60(9) of the Act, viz:

(i) Bodies corporate that are related bodies corporate under section 50 of the Corporations Act 2001 of the Commonwealth; or

(ii) Bodies corporate that are associated entities under section 50AAA of the Corporations Act 2001 of the Commonwealth in this clause 3.4.1 ("associated entities")
(b) In considering an application for self-insurance for a group of employers constituted of associated entities under 3.4.1 (a)(ii) WorkCover will have regard to the following principles:

(i) All of the relevant circumstances of the associated entities will be considered.

(ii) The financial viability and the financial security of the associated entities will be given particular attention.

(iii) Financial interdependence of the members of the associated entities and the impact of the nomination of one of the associated entities as the deemed employer of all workers of all of the associated entities will be assessed on a case-by-case basis.

(iv) WorkCover will require the associated entities to enter into and maintain a legally enforceable agreement between all of the associated entities establishing rights of mutual indemnity between the associated entities and containing an express acknowledgement that being a member of such associated entities automatically carries with it joint and several liability for all the workers compensation liabilities of each associated entity.

(c) The employer group must nominate a member of that group pursuant to section 62(1)(c) of the Act, as the employer, which is for the purposes of the Act, to be treated as the employer of all workers employed by the various members of the employer group.

3.5 Assessment criteria

3.5.1 Statutory considerations

(a) Pursuant to section 60(6) of the Act, in deciding whether to grant, renew, revoke or reduce the period of registration as a self-insured employer or group of self-insured employers, WorkCover may have regard to such matters as it considers relevant and must have regard to the following:

(i) The number of employees employed by the employer or group

(ii) Whether the employer or group of employers is, and is likely to continue to be, able to meet its liabilities

(iii) The resources that the employer or group of employers has for the purpose of administering claims for compensation

(iv) The incidence and severity of compensable injuries arising from employment by the employer or employers
(v) The effect, or likely effect, of the working conditions under which workers are employed by the employer, or any of the employers, on the health and safety of those workers.

(vi) The record of the employer or employers in relation to the rehabilitation of disabled workers.

(vii) The record of the employer or employers in providing suitable employment to workers who suffer compensable injuries.

(viii) The views of any industrial association that has, in the opinion of WorkCover, a proper interest in the matter, and, once an employer or group has been registered as a self-insured employer, WorkCover must not, in deciding whether to renew the registration, consider the effect of the registration on the Compensation Fund.

(b) WorkCover considers each criterion separately and gives due weight to each criterion.

(c) In considering the criteria WorkCover will have regard to the extent that an employer’s past experience may or may not have relevance due to changes in structure or personnel.

3.5.2 Relevant matters

(a) Pursuant to section 60(6) of the Act, in deciding whether to grant, renew, revoke or reduce a period of registration as a self-insured employer, WorkCover may have regard to such matters as it considers relevant.

(b) Without limitation, WorkCover will ordinarily consider the following as relevant considerations:

(i) An employer’s association with a group of self-insured employers.

(ii) The structure and operation of any subsidiaries of the self-insured employer, including any ancillary activities carried on by its subsidiaries which are not intended to be registered as a self-insured employer but which are or are capable of having a materially adverse effect on the self-insured employer’s compliance with the requirements of the Act or a term or condition of registration.
(iii) Any actual or any proposed change to:

(A) the management or style of operation of the employer, including any proposed sale of the business, notwithstanding the new employer employs the same employees and retains the same management structure, or

(B) any other future matter or event which is relevant to the assessment criteria WorkCover must have regard to under section 60(6) of the Act, that is likely to occur subsequent to the application for self-insured employer registration.

3.5.3 Number of employees employed by the employer or group

(a) WorkCover considers that a significant level of employment is required for an employer to meet the self-insurance standards (including carrying the overheads and expertise necessary in being a self-insured employer) on an economic basis over the medium to long term. Employment at the level at or above 200 full-time-equivalent workers will be considered to be a significant level of employment for this purpose.

(b) Any application for an initial grant or renewal of self-insured status by an employer with fewer than 200 full-time-equivalent workers will be considered on its merits having regard to paragraph (a) above and to the individual circumstances of the employer and any submission the employer wishes to put in support of the application or renewal.

3.5.4 Financial viability

(a) In relation to an employer or group of employers wishing to apply for registration as a self-insured employer, WorkCover will ordinarily assess the employer’s capacity to meet its liabilities prior to the lodgement of an application form.

(b) In relation to a renewal of registration, WorkCover will assess the self-insured employer’s capacity to meet its liabilities on all relevant considerations including the self-insured employer’s latest annual financial statements.

(c) When determining the self-insured employer’s capacity to meet its liabilities, WorkCover will take into consideration such financial data as it considers relevant. Subject to any other considerations, if the following criteria are satisfied, WorkCover will ordinarily consider the self-insured employer to have complied with this requirement:

(i) net worth of $50 million or higher

(ii) gearing ratio of 2.0:1 or lower
(iii) liquidity ratio of 1.3:1 or higher

(iv) profitability ratio of 10% per annum on shareholders funds, and

(v) positive rating by a mercantile agency of risk lower than the industry average.

(d) WorkCover may consider the employer as having complied with the financial viability criteria if:

(i) it demonstrates compliance with any three of the five criteria, and

(ii) in respect of any criteria in which it fails, the extent of that failure, in the opinion of WorkCover, does not outweigh the positive results.

(e) Wherever possible, averages and trends under each of the criteria over at least three years are to be used to minimise volatility of results and provide a truer picture of the self-insured employer’s overall position.

(f) No one criterion is to be given more weight than any other except in cases of extreme results.

(g) If an employer is unable to satisfy the financial viability criteria to the level required by WorkCover, WorkCover may, in its discretion, and only in exceptional circumstances, have regard to the following matters when determining the capacity of the employer to meet its liabilities:

(i) Positive rating by a ratings agency

(ii) Positive rating by a regulatory authority of the employer or group of employers monitoring the financial position of particular companies or groups

(iii) Any other information that, in its opinion, WorkCover considers relevant to establishing the financial solvency of the employer

(h) A positive rating by a ratings agency is a Standard & Poor’s rating of AA- or higher for banks and BBB+ or higher for other employers or equivalent rating from other agencies.

3.5.5 Claims administration resources

When assessing whether the employer or group of employers has sufficient resources for the purpose of administering claims for compensation, WorkCover will have regard to the following matters:

(a) The qualifications and experience of the officers responsible for claims administration

(b) Job description of the officers responsible, and
(c) The performance of the employer or group of employers as measured against the standards.

3.5.6 Incidence and severity of injuries

(a) The incidence and severity of injuries for self-insured employers will be evaluated based on three years previous data from the employer using the WorkCover database.

(b) Evaluation of the incidence of compensable injuries is based on the total number of claims reported per million dollars remuneration.

(c) Evaluation of the severity of compensable injuries is based on the average cost of claims per million dollars remuneration.

(d) WorkCover will ordinarily consider the employer as having satisfied these criteria if the employer’s performance in relation to the incidence and severity is at least 10% lower than relevant industries. If the employer represents 30% or more of the remuneration paid in their WorkCover industry classification then WorkCover may compare the employer’s performance to an appropriate broader benchmark.

3.5.7 Effect of working conditions

When assessing the effect, or likely effect, of the working conditions under which workers are employed by the self-insured employer on the health and safety of those workers, WorkCover will have regard to all relevant circumstances including:

(a) the performance of the self-insured employer evaluated against the standards and the natural consequences model.

(b) the death of a person in the workplace including details of the incident leading to the fatality and any remedial action taken by the employer.

(c) any successful prosecutions against a self-insured employer or group of self-insured employers for an alleged breach of the WHS Act resulting in a death.

(d) any work health and safety prosecution, (not being a prosecution for a death of a person in the workplace), of an applicant or an existing self-insured employer which, in the opinion of WorkCover, indicates a non-conformance with the standards and will, unless the non-conformance is rectified to WorkCover’s satisfaction before a date nominated by WorkCover, be regarded as inconsistent with the employer’s eligibility for self-insured employer status or continued registration.

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1 WorkCover will actively monitor the employer’s actions and require reporting from the employer during the period when the fatality is under investigation.
3.5.8 **Rehabilitation**

When assessing the record of the employer or employers in relation to the rehabilitation of workers who suffer compensable injuries, WorkCover will have regard to all relevant circumstances including the:

(a) performance of the employer or group of employers evaluated against the standards as relevant to the rehabilitation of workers

(b) employer’s prior record of performance in relation to rehabilitation, including:
   (i) sustainable early return to work outcomes
   (ii) placement of rehabilitated workers in suitable and sustainable employment, and
   (iii) record of compliance with the requirements of WorkCover in relation to sections 58B, 58C and 28A of the Act

3.5.9 **Provision of suitable employment**

When assessing the record of the employer or employers in providing suitable employment to workers who suffer compensable injuries, WorkCover will have regard to all relevant circumstances including the:

(a) performance of the employer or group of employers as measured by WorkCover against the standards

(b) employer’s record and attitude towards the provision of suitable employment for workers who have suffered compensable injuries including any action taken by WorkCover in relation to that matter concerning the employer including the application of a supplementary payment in circumstances attracting the application of sections 58B, 58C and 28A of the Act, and

(c) comments of any relevant industrial association and workers on those matters.

3.5.10 **Views of relevant industrial associations**

(a) WorkCover must have regard to the opinions of any industrial association that has, in the opinion of WorkCover, a proper interest in the matter.

(b) Without limitation, WorkCover will ordinarily consider the following industrial associations as having a proper interest in the matter:
   (i) State level officials of any relevant industrial association
(ii) On-site representatives of any relevant industrial association

(iii) Other workers or their nominated representatives as considered appropriate by WorkCover

(iv) SISA

(v) Other relevant associations integral to the employer's operations.

(c) The employer must identify and contact in writing all industrial associations that have a proper interest and must satisfy WorkCover that all such industrial associations have been identified and have been consulted in writing but doing so will not limit WorkCover's right to contact industrial associations itself to further inform itself of their opinions.

(d) If four weeks after being contacted by the employer there has been no response from the relevant industrial associations, the industrial associations will be deemed by the employer and WorkCover to have no objection to the application.

3.5.11 Effect on the fund

(a) Except in relation to an application for renewal, WorkCover may consider the effect on the Compensation Fund of granting self-insured employer registration to a particular employer or group of employers.

(b) When assessing the effect of an application for self-insured employer registration on the Compensation Fund, WorkCover will have regard to all relevant circumstances including the projected effect on the employer's industry premium rate of granting self-insured employer registration to the particular applicant.

3.6 Registration

(a) Pursuant to section 60(3) of the Act:

where an application is made for self-insured employer registration and WorkCover is satisfied:

(i) that the employer or employers constituting the group have reached a standard that, in the opinion of WorkCover, must be achieved before conferral of self-insured status can be considered, and

(ii) that in all the circumstances it is appropriate to do so,

WorkCover may register the employer or the group as a self-insured employer or a group of self-insured employers.
(b) All elements referred to in this chapter will be considered by WorkCover in making its decision to grant or reject an application for registration or renewal.

(c) All registrations and renewals will be subject to the condition that the employer complies with the terms and conditions of registration.

3.7 Third party information

In assessing or evaluating an employer under the Code, WorkCover may take into account any evidence or report provided by third party auditors in relation to that employer, but is under no obligation to do so. However, in no circumstances will WorkCover rely solely on the evidence or report of an accredited third party auditor as the basis for a decision regarding the grant, renewal, revocation or reduction of self-insured employer registration.
Chapter 4

4. Applications for grant or renewal of registration

4.1 Application

This chapter applies to all *private employers*, whether a single company or a group of related corporations, who are applying for:

(a) registration as a *self-insured employer* or group of *self-insured employers*, or
(b) a renewal of registration as a *self-insured employer*.

4.2 General

(a) This chapter sets out and describes the registration procedure and fees payable by an *employer* applying for *self-insured employer* registration.

(b) Clause 4.6 sets out the requirements for a *self-insured employer* applying for a renewal of registration.

(c) Unless otherwise specified, *WorkCover* recommends any *employer* wishing to become registered as a *self-insured employer* contact *WorkCover* for details before making an application for registration.

(d) An *employer* applying for the grant of registration as a *self-insured employer* (but not a *self-insured employer* applying for a renewal of registration as a *self-insured employer*), must pay to *WorkCover* the fees prescribed in the *Regulations* and payment must accompany the employer's application. The fee is non-refundable.

4.3 Application process

4.3.1 Who may apply?

Any *employer* that is a single company or a group of *related bodies corporate* may apply for registration as a *self-insured employer*.

4.3.2 When to apply

An application for *self-insured employer* registration may be made at any time.

4.3.3 How to apply

(a) An outline of the application process is set out in clause 4.8 of the Code.

(b) Section 62 of the Act sets out the requirements in relation to an application for registration as a *self-insured employer* as set out in clause 4.8 of the Code. However, *WorkCover* will ordinarily offer to carry out an initial financial evaluation of the *employer* against the requirements of the Act before any formal application is made or the prescribed fee is paid.
(c) An employer is not obliged to undergo this initial financial evaluation process and may submit its application for assessment without it. However, the employer will be obliged to pay the prescribed fee upon submitting their application and the fee is non-refundable should their application be rejected.

4.3.4 Initial financial evaluation

(a) During the initial financial evaluation, WorkCover will evaluate the employer's financial ability to meet the requirements of self-insured employer registration as required by the Act.

(b) The financial requirements and the criteria WorkCover will ordinarily consider when determining the employer's financial ability to currently meet and to continue to meet its liabilities as a self-insured employer as and when they arise are set out in clause 3.5.4 of the Code.

(c) In order for WorkCover to carry out the financial evaluation, the employer must provide copies of relevant audited annual financial reports as may be required by WorkCover.

(d) After the initial financial evaluation is completed, WorkCover will either advise the employer:

(i) to proceed with making a formal application for registration as a self-insured employer subject to the employer's ability to satisfy any requirements relevant to the employer's financial position that, in the opinion of WorkCover, would need to be met for an application for self-insured employer registration to be successful, or

(ii) that it does not comply with the financial requirements of the Act and that its application is likely to be rejected.

(e) An employer that has been advised by WorkCover that, based on an initial financial evaluation, its application for self-insured employer registration is likely to be rejected is not prevented from making an application for self-insured employer registration.

(f) An employer is advised not to proceed with its application until it is satisfied that it can accept the conditions relating to the transitional claims arrangement as advised by WorkCover.

(g) Advice by WorkCover that the employer proceeds to make a formal application is no assurance that the application will be successful.
4.4 Application

4.4.1 Application

Pursuant to section 62 of the Act, an application for registration as a self-insured employer must:

(a) be made in the designated manner and form

(b) be accompanied by the prescribed information detailed in regulation 11 of the Regulations

(c) in the case of an application for registration by a group of employers nominate a member of the group as the employer that is, for the purposes of the Act, to be treated as the employer of all workers employed by the various members of the group

(d) be accompanied by the prescribed fee fixed in accordance with the Regulations

4.4.2 Application for registration

An application for registration as a self-insured employer must:

(a) be in the form approved by WorkCover

(b) be completed in the manner approved by WorkCover

(c) pursuant to section 62(1)(b) of the Act must be accompanied by the prescribed information.

(d) An application form and assistance with the application process can be obtained by contacting the Self-insured Directorate at WorkCover.

4.4.3 Prescribed fee

(a) Pursuant to regulation 11(2) the prescribed fee must accompany an application for registration as a self-insured employer.

(b) An application for the grant of registration as a self-insured employer (but not an application for renewal of such registration) submitted to WorkCover for its determination without the prescribed fee will not be considered or evaluated until the fee is paid.

(c) The current fee is:

   (i) $10,000, plus

   (ii) $15 for each worker employed by the applicant up to a maximum of $40,000.
(d) The fee set out in clause 4.4.3 (c) does not include any goods and services tax that may be applicable.

(e) The fee is non-refundable.

4.5 Group registration

(a) Pursuant to section 60(7) of the Act:

(i) Where related bodies corporate are registered as a group of self-insured employers, the employer so nominated by the group shall be treated as the self-insured employer of all workers employed by the various members of the group.

(ii) All members of the group are jointly and severally liable to satisfy the liabilities of the nominated self-insured employer.

(b) Pursuant to section 60(7a) of the Act WorkCover may, on application from the group, change the nominated employer. When considering an application to do so WorkCover will take into account the following principles:

(i) Whether it would be a significant change to the group of self-insured employers; and

(ii) The effect of the change on the financial status of the group. Any material deterioration in financial status will require consideration of whether or not the group can still be supported as an ongoing group of self-insured employers; and

(iii) Whether the change requires any amendments to financial guarantee or excess of loss insurance arrangements. If so, they must be satisfactorily resolved prior to or concurrent with approval of the change.

(iv) A change of name of an existing company where there is no change of the Australian Company Number does not require an application to change nominated employer.

4.6 Application for renewal

(a) A self-insured employer wishing to renew its registration as a self-insured employer must apply to WorkCover for a renewal of its registration in accordance with this clause.

(b) An application for a renewal of self-insured employer registration must be made not less than six months prior to the end of the period of registration.
(c) A self-insured employer applying for a renewal of its self-insured employer registration must satisfy the assessment criteria of the Act to a standard determined by WorkCover in order for such renewal to be granted. These criteria are set out in Chapter 3 of the Code and the standards.

(d) The period of registration granted as a result of an application to renew registration will not exceed three years and will be determined in accordance with the Natural Consequences Model, contained in the standards.

4.7 Registration

4.7.1 Registration

(a) Pursuant to section 60(3) of the Act, where a valid application for the grant of registration has been made and WorkCover is satisfied that:

(i) the employer or the employers constituting the group have reached a standard that, in the opinion of WorkCover, must be achieved before conferral of self-insured employer status can be considered, and

(ii) in all the circumstances it is appropriate to do so,

WorkCover may register the employer or the group as a self-insured employer or a group of self-insured employers.

(b) all the relevant circumstances (including the elements referred to in this chapter and Chapter 3) will be considered by WorkCover in making its decision to approve or reject an application.

(c) WorkCover will issue a notice of grant of registration as a self-insured employer for a specified period on registration being granted.

4.7.2 Decision by the Board

(a) An application for the granting of registration as a self-insured employer or renewal of that registration must be determined either by the Board or its duly authorised delegate for the exercise of that function ('delegate').

(b) The Board or its delegate will not consider an application until all evaluations are completed to the satisfaction of WorkCover.

(c) The Board's or its delegate's decision to reject an application for the grant of self-insured employer registration is subject to appeal as set out in Chapter 5.
4.7.3 Effective date

(a) Pursuant to section 60(6) of the Act, registration takes effect from a date fixed by WorkCover.

(b) WorkCover cannot backdate a registration.

4.7.4 Period of registration

Pursuant to section 60(4)(d) of the Act, WorkCover may grant registration of an employer as a self-insured employer for a period not exceeding three years as determined by WorkCover.

4.7.5 Initial period of registration

(a) A self-insured employer will ordinarily be granted registration for an initial period not exceeding two years determined in accordance with the natural consequences model. That registration will be subject to evaluation against the standards relating to claims management and rehabilitation before the expiry of the first year and otherwise in accordance with the natural consequences model. Should the self-insured employer fail such evaluation, WorkCover may take such action, including revocation, as it deems appropriate in the circumstances, having regard to the nature of the non-compliance.

(b) At the end of the initial period of registration, a self-insured employer may apply to WorkCover to renew its registration for a further period (not exceeding three years) in accordance with section 50(6) of the Act and the period of this renewal shall be determined in accordance with the natural consequences model.

4.8 Outline of application process

(a) The application process and its progress will consist of a number of steps as outlined below.

(i) Application submitted for evaluation and consideration

(ii) Written confirmation by the employer that they have received a copy of the Code, have understood and are prepared to be bound by the Code as a term and condition of registration as a self-insured employer

(iii) WorkCover appoints one or more evaluators to evaluate the application

(iv) The evaluators meet with the employer to outline and discuss the requirements of the evaluation process (see Chapter 8 for details on the evaluation process)
(v) The evaluation process proceeds until WorkCover determines whether the employer has met all appropriate standards and criteria.

(vi) The employer and WorkCover agree on a target date for commencement of self-insured employer registration if the application is successful.

(vii) The employer and WorkCover agree the terms and conditions for the management of transitional liabilities (including all the necessary financial calculations and adjustments).

(viii) An actuarial evaluation is obtained to cover both the value of the existing claims liability to estimate the likely liability that may be incurred during the first year of self-insured employer registration.

(ix) The Board or the delegate considers the application, and if appropriate, grants self-insured employer registration.

(x) The employer submits the required financial guarantee, and evidence of the existence of the excess of loss insurance policy.

(xi) Commencement of self-insured employer registration.

(b) An adjustment to the agreed timeframes will be made should the employer be unable to provide WorkCover with the requisite information as and when it is required by WorkCover. WorkCover will notify the employer of any changes to the timeframes as soon as practicable.

(c) If for any reason the employer delays performance of any of the required steps for a period of six months or more in total, WorkCover may, in its sole discretion, determine that the employer has abandoned its application. Abandoned applications will not be resurrected, and if an employer wishes to reapply, the full process must commence again, including payment of the fee. However, WorkCover may, in its sole discretion, take into consideration any work done prior to the application being abandoned, providing it remains relevant and valid for any new application.

4.9 Outline of renewal process

The following paragraphs apply where a self-insured employer applies to WorkCover for a renewal of self-insured employer registration pursuant to clause 4.6:

(a) Upon receiving the self-insured employer’s application for renewal, WorkCover will appoint one or more evaluators to evaluate the application.

(b) The evaluator will meet with the self-insured employer to outline and discuss the requirements of the evaluation process (see Chapter 8).
(c) If the evaluator determines that there is a material chance that the self-insured employer will not meet the requirements of the standards then, provided that the self-insured employer has made its application for renewal in the time specified under clause 4.6, WorkCover will use its best endeavours to ensure the following:

(i) The evaluator will provide the self-insured employer with written notice of the evaluator's provisional findings and the factual basis for those findings at least 50 calendar days before the renewal of the self-insured employer's registration is taken to the Board or its delegate.

(ii) The evaluator will consider any response made by the self-insured employer or any action taken by the self-insured employer to address issues raised by the evaluator in the final report.

(iii) If the self-insured employer proposes to dispute the provisional findings it must follow the dispute resolution process outlined in clause 4.10.

4.10 Dispute Resolution process

Where a self-insured employer or employer disagrees with an assessment made by WorkCover in respect of any of the criteria contained in section 60 of the Act as part of a renewal or application process involving that self-insured employer or employer a dispute resolution will be available as follows:

(a) The self-insured employer will be provided with the written findings of the evaluation at least 50 calendar days before the Board or its delegate is due to consider the employer's renewal, or review period or application for self-insured registration.

(b) The self-insured employer will be given an opportunity to respond to the findings and to address any issues raised directly with the responsible WorkCover officer/evaluator within 30 calendar days on receiving the written findings.

(c) Should outstanding areas of dispute remain the self-insured employer must write to the Director, Employer Regulation of WorkCover, within the 30 calendar days of receiving the written provisional findings. The self-insured employer must ensure that it specifies the area(s) of disagreement and provides evidence supporting its position.

(d) WorkCover will review the evaluation findings and the self-insured employer's submission. If appropriate, WorkCover will organise for conciliation to take place between the parties.

(e) Should WorkCover's conciliation result in a change to the assessment of the application of the relevant criteria then the findings shall be altered accordingly.
(f) If the matter is not resolved, the self-insured employer or employer may request that WorkCover appoint a different and (if possible) more senior evaluator/officer to undertake a peer review to consider the self-insured employer's or employer's response to the initial findings or any action taken by the self-insured employer or employer to address issues raised by the findings and make a final assessment for consideration by the Board or its delegate.

(g) WorkCover and the self-insured employer or employer can agree to bypass consiliation and proceed directly to peer review.

(h) The self-insured employer or employer will be provided with the final assessment and recommendation to the Board or its delegate when making a decision on that self-insured employer's renewal or employer's application for self-insured registration.
Chapter 5

5. Reduction, revocation and appeals

Part I - Introduction

5.1 Application

This chapter applies to all private self-insured employers whose period of registration is being considered for reduction or revocation by WorkCover as a result of the self-insured employer breaching the Act or a condition of registration.

5.2 General

(a) Part I specifies the statutory criteria WorkCover must have regard to when determining whether to reduce or revoke a self-insured employer’s registration.

(b) Part II of this chapter specifies the application of the criteria discussed in Part I by WorkCover when considering whether to reduce a self-insured employer’s registration.

(c) Part III of this chapter specifies the application of the criteria discussed in Part I by WorkCover when considering whether to revoke a self-insured employer’s registration.

(d) Part IV of this chapter specifies the alternative actions WorkCover, in its discretion may take, where appropriate, as an alternative to reducing or revoking a self-insured employer’s registration.

(e) Part V of this chapter specifies the right of appeal of a self-insured employer if WorkCover refuses to grant, renew or revoke a self-insured employer’s registration.

5.3 Reduction or revocation

Pursuant to section 60(5) of the Act, WorkCover may reduce or revoke the period of registration of a self-insured employer or group of self-insured employers if the self-insured employer or a member of the group of self-insured employers breaches or fails to comply with the Act or a term or condition of registration.

5.4 Statutory criteria

(a) Pursuant to section 60(6) of the Act, in deciding whether to reduce or revoke the registration of a self-insured employer or group of self-insured employers, WorkCover:

(i) may have regard to such matters as it considers relevant, and

(ii) will have regard to the considerations WorkCover must have regard to pursuant to the Act.

(b) Clause 3.5 of the Code and the standards sets out the requirements WorkCover may and will have regard to.
5.5 **Notification**

Pursuant to a self-insured employer's obligations of notification set out in Chapter 1 and paragraph 10 of the Schedule 1, a self-insured employer must notify WorkCover as soon as practicable of:

(a) any breach or failure to comply with the Act or a term or condition of registration, or

(b) any change to its circumstances which may cause them to be in breach of a term or condition of registration.

5.6 **Process of reduction or revocation of registration**

(a) The Board of WorkCover, in its discretion, will determine whether the period of registration as a self-insured employer or group of self-insured employers which has breached or failed to comply with the Act or a term or condition of registration should be reduced or revoked, having regard to the criteria referred to in section 60(6) of the Act as set out in clause 3.5 of the Code and the standards.

(b) If the Board determines that a self-insured employer's registration as a self-insured employer is to be reduced or revoked, the Board will also determine the date upon which the reduction or revocation is to be effective and where appropriate, the reduced period of registration that is to apply.

(c) The Board may have regard to any recommendation by WorkCover in relation to the reduction or revocation of the period of registration of a self-insured employer.

(d) WorkCover recognises that a reduction or revocation of registration as a self-insured employer has potentially serious consequences for a self-insured employer.

(e) Prior to WorkCover making a recommendation to the Board that the registration of a self-insured employer should be reduced or revoked, WorkCover will (unless there are good reasons for proceeding urgently):

   (i) request the self-insured employer to show cause why WorkCover should not reduce or revoke the period of registration

   (ii) provide to the self-insured employer a reasonable period of time during which the self-insured employer may respond to the notification

   (iii) provide to the self-insured employer a reasonable period of rectification during which the self-insured employer may demonstrate to WorkCover its compliance with the Act and the terms and conditions of registration

   (iv) in the circumstances of a revocation, inform the self-insured employer of its rights to dispute the decision of WorkCover
(f) Without limitation, 5.6(e)(ii) and 5.6(e)(iii) will not apply if WorkCover is of the opinion that the circumstances require an immediate revocation of the period of registration.

(g) 5.6(e)(iii) will not apply if WorkCover is of the opinion that the breach or failure to comply with the Act or a term or condition of registration is of such a nature that it cannot be rectified within a reasonable period of time.

**Part II – Reduction of period of registration**

5.7 **Application**

This part applies to all private self-insured employers whose period of registration is being considered for reduction by WorkCover.

5.8 **General**

(a) Reduction of a period of registration will ordinarily only be used as an alternative to revocation if WorkCover considers it appropriate to maintain self-insured employer status subject to a review of the circumstances of the self-insured employer at an early date.

(b) A self-insured employer may appeal a decision by WorkCover to reduce its registration as a self-insured employer. Section 62A of the Act and Part V of this chapter set out the self-insured employer’s rights in terms of an appeal.

5.9 **Application of criteria under section 60(6) of the Act**

(a) A reduction of term has potentially adverse financial implications for a self-insured employer.

(b) Without limitation, WorkCover will when considering whether to reduce the period of registration of an employer in accordance with section 60(5) of the Act have regard to all relevant circumstances including whether the self-insured employer has at any time during its registration as a self-insured employer undergone a change to:

(i) its management structure

(ii) its style of operation

(iii) its financial circumstances, or

(iv) any other matter specific to that self-insured employer that is relevant to the criteria specified in section 60(6) of the Act or a term or condition of registration,

that, in the opinion of WorkCover is or is likely to have a materially adverse effect on the self-insured employer’s ongoing compliance with the Act or a term or condition of registration.
5.10 Effect of reduction of registration

(a) WorkCover may reduce the period of registration to any period which it deems appropriate in the circumstances.

(b) Upon expiry of the reduced period of registration, a self-insured employer must apply to WorkCover to renew its registration in accordance with section 60 of the Act and chapters 3 and 4 of the Code if it wishes to remain a self-insured employer.

Part III – Revocation of registration

5.11 Application

This part applies to all private self-insured employers whose registration is being considered for revocation by WorkCover.

5.12 General

(a) A self-insured employer may appeal a decision by WorkCover to revoke its registration as a self-insured employer. Section 62A of the Act and Part V of this chapter set out the self-insured employer’s rights in terms of an appeal.

(b) Pursuant to section 50 of the Act, where an employer ceases to be a self-insured employer, WorkCover may, in its discretion, undertake, in whole or part, liabilities related to compensable injuries arising from employment during the period of the self-insured employer registration. Clause 7.4 of the Code sets out the requirements and terms of administration of section 50 by WorkCover.

5.13 Application of criteria under section 60(6) of the Act

(a) WorkCover will consider revoking a self-insured employer’s registration if in all the circumstances it is appropriate to do so including where at any time during the period of registration, the self-insured employer commits:

(i) a serious or fundamental breach of the Act or a term and condition of registration, or

(ii) a minor breach of the Act or a term or condition of registration and where WorkCover has reasonable grounds to believe the self-insured employer is likely to repeat the breach or failure to comply with the Act or the term or condition of registration.

(b) By way of example only, a self-insured employer will be considered to have committed a serious or fundamental breach of the Act where the self-insured employer has:

(i) acted unreasonably in the performance of its delegated powers or discretions
(ii) acted in such a way as to intentionally cause the workers of the self-insured employer to receive less than their statutory entitlements

(iii) acted in such a way as to materially affect WorkCover’s ability to monitor the performance of the self-insured employer by, for example, failing or refusing to provide accurate and timely reports to WorkCover in accordance with the requirements of Schedule 1

(iv) acted in such a way as to materially increase the risk to WorkCover as insurer of last resort, by, for example:

(A) failing to provide at all times a bank guarantee or provide any additional security that is required by WorkCover from time to time that is approved by WorkCover and satisfies the requirements of Schedule 1

(B) the sale or loss of all or part of the assets of the self-insured employer, which in the opinion of WorkCover, results in the self-insured employer being unable to satisfy the requirements of the Act or terms and conditions of registration

(v) been successfully prosecuted in relation to a death in the workplace, or

(vi) failed to notify WorkCover within the time specified of any of the matters referred to in paragraph 10 of Schedule 1.

(c) Without limitation, WorkCover will have reasonable grounds to believe the self-insured employer is likely to repeat the breach or failure to comply with the Act or the term or condition of registration if:

(i) the self-insured employer has failed to expressly acknowledge that the self-insured employer’s conduct constituted a breach or a failure to comply

(ii) the self-insured employer has refused to give any undertakings to WorkCover that it will comply with the Act or a term or condition of registration, or

(iii) in the opinion of WorkCover, the self-insured employer is unable to rectify the conduct that is in breach of the Act or a term or condition of registration within the period specified by WorkCover.

(d) Where an employer ceases to be a self-insured employer, the delegation to the employer under section 63 of the Act will, if WorkCover so determines, continue to such extent as WorkCover thinks fit in relation to injuries that occurred before cessation of self insurance (and any act or omission of the employer within the scope of the delegation will be taken for the purposes of this Act, to be the act or omissions of a self-insured employer).
5.14 Effect of revocation of registration

An employer whose registration as a self-insured employer has been revoked must register with WorkCover as a registered employer.

Part IV – Alternative action

5.15 Application

This part sets out the alternative action available to WorkCover which it may, within its discretion, consider when deciding whether to reduce, revoke or not renew a self-insured employer's registration or when WorkCover is of the opinion a self-insured employer has breached or is failing to comply with the Act or a term or condition of registration.

5.16 Removal of delegation

(a) Pursuant to section 63(6) of the Act, WorkCover may consider the removal of delegation of a power or discretion.

(b) WorkCover will consider the removal of delegation of power where in all the circumstances it is appropriate to do so including where the serious or fundamental breach is the exercise of a power or discretion unreasonably but the self-insured employer is otherwise complying with the Act.

(c) In the circumstances referred to in 5.16(b) WorkCover may withdraw the delegation until it is satisfied the power will be exercised reasonably.

5.17 Prosecution

Pursuant to sections 122 and 122A of the Act, WorkCover may consider prosecution or the imposition of expiation fees where a self-insured employer is in breach or fails to comply with the Act.

Part V – Appeals

5.18 Application

This part applies to any employer that wishes to appeal a decision of WorkCover pursuant to section 62A of the Act.

5.19 General

Any self-insured employer that decides to appeal a decision of WorkCover in accordance with the Act should notify WorkCover as soon as practicable.
Appeals to the Minister

Pursuant to section 62A of the Act:

(a) If WorkCover:

(i) refuses the registration of an employer or group of employers as a self-insured employer or group of self-insured employers, or

(ii) grants or renews registration as a self-insured employer or group of self-insured employers for a period of less than three years, or

(iii) reduces the period of registration of an employer or group of employers as a self-insured employer or group of self-insured employers, or

(iv) cancels the registration of an employer or group of employers as a self-insured employer,

the employer or employers may appeal to the Minister against the decision.

(b) The appeal must be commenced within one month after the employer or employers receive notice of WorkCover’s decision unless the Minister allows an extension of time for the appeal.

(c) If an appeal to the Minister is against a decision of WorkCover to refuse to renew, or to cancel the registration of the employer or employers as a self-insured employer or group of self-insured employers, WorkCover may extend or renew the registration of the employer or employers for a period of up to 3 months (pending resolution of the appeal).

(d) The Minister may (but is not obliged to) permit an appellant to appear personally or by representative before the Minister on an appeal.

(e) The Minister has an absolute discretion to decide an appeal against a decision of WorkCover in relation to registration as the Minister thinks appropriate.

(f) If the Minister decides in favour of the appellant, the Minister must furnish WorkCover with a statement of the reasons for the decision.
Chapter 6

6. Self-insured employer fees

6.1 Application

This chapter applies to all self-insured employers.

6.2 General

A self-insured employer is liable to pay a fee to WorkCover.

6.3 Self-insured employer fee

6.3.1 Fee

Pursuant to section 72B(2) of the Act:

The fee payable by a self-insured employer will be a percentage of the base premium that would have been payable by the employer if the employer were not registered as a self-insured employer and liable to pay a base premium under this Part and will be fixed by the Corporation with a view to raising from self-insured employers:

(a) a fair contribution towards the administrative expenditure of the Corporation; and

(b) a fair contribution towards the cost of rehabilitation funding; and

(c) a fair contribution towards the cost of the system of dispute resolution established by the Act, and

(d) without limiting a preceding paragraph, a fair contribution towards the costs associated with the operation of Part 6C and Part 6D; and

(e) a fair contribution towards actual and prospective liabilities of the Corporation arising from the insolvency of employers.

6.3.2 Elements in determining the fee

(a) Contribution towards administrative expenditure:

A fair contribution towards administrative expenditure is a fair contribution by self-insured employers towards:

(i) the costs and overheads incurred by WorkCover in the administration of the Scheme

(ii) the cost of services provided to self-insured employers by WorkCover.
(b) Contribution towards rehabilitation funding:

WorkCover does not currently require self-insured employers to make a contribution to the cost of rehabilitation funding as self-insured employers currently fund all rehabilitation functions for their injured workers themselves.

(c) Contribution towards costs of dispute resolution:

A fair contribution towards the costs of dispute resolution is a fair contribution by self-insured employers that must be paid by WorkCover to support the Workers Compensation Tribunal and its functions.

(d) Contribution towards the costs associated with the operation of Part 6C and Part 6D:

A fair contribution towards the costs that must be paid by WorkCover to support Medical Panels and the WorkCover Ombudsman.

(e) Fair contribution toward liabilities arising from insolvency:

Subject to clause 6.6 a fair contribution towards liabilities arising from insolvency is determined by WorkCover and is included in the fee for self-insured employers.

6.4 Fee payable

(a) Subject to 6.4(b), the fee for all self-insured employers as described in clause 6.3.1 is subject to an annual review by the WorkCover Board (in the first quarter of each calendar year). The outcome of any review is applied from the commencement of the following financial year (1 July each financial year). The fee in respect of an individual self insured employer (or group of self insured employers) may pursuant to section 72B(3) be subject to individual adjustment from time to time under this Chapter 6.

(b) The fee is payable in addition to:

(i) the WHS employer registration fee,

(ii) any fines or penalty interest payable under sections 72J or 72K of the Act, and

(iii) any GST payable under A New Tax System (Goods and Services) Tax Act 1999 (Commonwealth).

(c) The fee payable by a self-insured employer will be differentiated between different self-insured employers or classes of self-insured employers created by WorkCover by reference to the following factors:

(i) the application of the natural consequences model,

(ii) the criteria to which a remedial fee element applies under clause 6.8.
(iii) the class of self-insured employers for which WorkCover has
determined that section 68(2)(d) of the Act does not apply, or
should make no contribution under section 68 (2)(d) (as is
adjusted prior to 1 July 2012), or as WorkCover may determine
pursuant to section 72B(2)(e) after 1 July 2012.

6.5 Basis of calculation

The fee is calculated in accordance with the following formula:

\[ \text{Fee} = (R \times IPR \times SIR) + \text{WHS} + \text{GST} \]

Where:

\[ SIR = \text{SEF} + (\text{SEF} \times D); \]

\[ \text{WHS} = R \times IPR \times EP \times \text{WHS}%; \] and

\[ \text{GST} = R \times IPR \times EP \times \text{GST}%. \]

Definitions:

\( D \) is the differentiation (expressed as a %) arising from the application of all of the factors contained in clause 6.4(c).

\( R \) is the total remuneration that the self insured employer expects to pay or has paid to the self insured employer's workers during the relevant financial year commencing on or after 1 July 2013, as adjusted by subtracting total remuneration paid to apprentices/trainees as defined in a WorkCover Premium Order published in the Government Gazette in accordance with section 71 of the Act.

\( IPR \) is the industry premium rate corresponding to the class of industry in which the self insured employer employs workers for each of the self insured employer's locations as determined by WorkCover.

\( \text{SEF} \) is the fee rate for self-insured employers as determined by WorkCover from time to time as set out in clause 6.3.1.

\( \text{WHS}\% \) is the percentage rate in regard to the WHS employer registration fee for self-insured employers as determined by WorkCover for the relevant financial year.

\( \text{GST}\% \) is the percentage rate in regard to the of goods and services tax determined by the Australian Government for the relevant financial year.

The total fee payable by a self-insured employer is the sum of the fee payable for all locations registered by the self-insured employer plus the adjusted fee component and additional fee component (if any) applicable to the self-insured employer pursuant to the natural consequences model.
6.6 **Component of fee determined under section 72B(2)(e) of the Act as of 1 July 2012 (or under section 68(2)(d) prior to 1 July 2012)**

(a) WorkCover will keep a record of the total of the contributions by each self-insured employer in relation to the component of the levy paid under section 68(2)(d) prior to 1 July 2012 and/or the fee paid under section 72B(2)(e) as of 1 July 2012, and of the period or periods during which that self-insured employer has paid a levy/fee which included this component.

(b) WorkCover may determine the characteristics of a class of self-insured employers under clause 6.7 whose fee shall not include a fee component under section 72B(2)(e) of the Act in which event it will allocate a rate of fee to that class of employers as reflects the differentiation from those self-insured employers making a contribution under section 68(2)(d) and allocate self-insured employers to that class as meet those characteristics.

6.7 **Classes of fee**

(a) WorkCover may, from time to time, determine the classes of fee for self-insured employers and may nominate any self-insured employer to any class of fee either for finite or indefinite periods.

(b) The fee rates for each fee class will be determined by WorkCover from time to time, and will be determined by reference to the reason for the fee class being established.

(c) WorkCover has determined that all Crown self-insured employers form a class of self-insured employers which are not required to pay a fee that includes a component under section 72B(2)(e) of the Act.

(d) WorkCover has determined to differentiate between self-insured employers, and to impose an adjusted fee component on some self-insured employers, by reference to certain characteristics described in the natural consequences model as referred to in the calculation formula contained in clause 6.5.

(e) WorkCover has determined to differentiate between classes of self-insured employers that do not commit non-compliances and those that do and also as between self-insured employers that commit such non-compliances by reference to the different extent and durations of such non-compliances ('remedial fee classes') and may allocate self-insured employers to those classes by reference to WorkCover's assessment of those non-compliances.

6.8 **Remedial fee classes**

(a) Remedial fees are payable by self-insured employers by way of a differentiated ordinary fee to reflect the additional cost to WorkCover of administering the Act in respect of self-insured employers that do not comply with their obligations as self-insured employers. This is achieved by establishing classes of self-insured employers with each class representing a level or extent of non-compliance.
The first level (or class) of **self-insured employers** are those employers that are not in contravention of the Act or a term or condition of registration. This class of **self-insured employer** pays the levy rate referred to in 6.4 of the Code as adjusted for the individual circumstances of the employer. Subsequent levels of non-compliance and the appropriate fee increment are as described below.

(b) A **self-insured employer** will be subject to a remedial fee if, in the opinion of WorkCover, the **self-insured employer** is not complying with the Act or a term or condition of their registration.

(c) Prior to implementing a remedial fee, WorkCover will firstly contact the **self-insured employer**, alerting it to the non-compliance and seeking the self-insured employer's commitment to rectifying the non-compliance within 14 days or such other period as agreed between WorkCover and the **self-insured employer**. If no such commitment is made by the **self-insured employer** or such a commitment is made but not satisfied before the relevant period for satisfying the commitment has elapsed, WorkCover may impose a remedial fee without further notice.

(d) There are four classes of remedial fee.

(e) Each remedial fee applies to a particular remedial fee class of **self-insured employers** as follows:

(i) **Level A** – those **self-insured employers** that have a single instance of non-compliance for a period of not less than 30 days.

(ii) **Level B** – those **self-insured employers** that have:

(A) two or more instances of non-compliance, or

(B) a single instance of non-compliance for a period not less than 60 days.

(iii) **Level C** – those **self-insured employers** that have either:

(A) two or more concurrent instances of non-compliance for a period of not less than 30 days, or

(B) a single instance of non-compliance for a period of not less than 90 days.

(iv) **Level D** – those **self-insured employers** that have either:

(A) two or more concurrent instances of non-compliance for a period of not less than 60 days, or

(B) a single instance of non-compliance for a period of not less than 120 days, or

(C) more than three instances in any 12 calendar months of paying a remedial fee.
(f) On each occasion a self-insured employer falls within one of the levels defined above (and if more than one level, then the self-insured employer will be treated as falling within the level attracting the higher remedial fee) then that self-insured employer will in the calendar month expiring immediately after the employer fell within that level pay a fee as follows:

(i) Level A – ordinary fee plus 10%
(ii) Level B – ordinary fee plus 25%
(iii) Level C – ordinary fee plus 55%
(iv) Level D – ordinary fee plus 100%

6.9 Payment of fee

(a) The fee payable by a self-insured employer must be paid by a date as specified by WorkCover and must be paid electronically (e.g., by way of direct debit) to WorkCover in accordance with WorkCover’s instructions unless alternative payment arrangements have been agreed on as per (b)

(b) Alternative payment arrangements:

(i) WorkCover may make alternative payment arrangements with self-insured employers.

(ii) A self-insured employer wishing to pay by alternative payment arrangements must contact a senior information officer in the premium operations area at WorkCover

(iii) WorkCover will not permit any alternative payment arrangement in order to provide the self-insured employer with a competitive or financial advantage from such an arrangement.

6.10 Administration of fees

(a) Pursuant to section 72E(1) of the Act, a self-insured employer must by a date in each year specified by the Corporation provide to the Corporation a return in the designated manner and form that sets out the information required by the Corporation for the purposes of the calculation or determination of any statutory payment under this Part.

(b) Pursuant to section 72E(3) of the Act, WorkCover may, by notice to a particular employer or by notice in the Gazette, specify an estimate or estimates that will apply instead of an estimate specified by an employer under subsection(1).

(c) Pursuant to section 72F(1) WorkCover may require an employer to provide in the designated manner and form information specified by the Corporation and must be provided within a period determined by the Corporation under 72F(4).
(d) Pursuant to section 72G(1) WorkCover has absolute discretion to review and revise an estimate or determination, or correct an error or revise an assessment previously made.

(e) Pursuant to section 72H WorkCover may issue to an employer a notice of adjustment if WorkCover considers that a statutory payment payable by the employer should be adjusted.

(f) A self-insured employer must cooperate with any review or verification of its payment of fee.

6.11 Imposition of fine and/or penalty interest

Under section 72K of the Act, WorkCover may impose on the self-insured employer a fine of up to three times the amount of the fee payable where the self-insured employer fails to pay a fee required by or under the Act.

6.12 Recovery of fees

Pursuant to section 72N of the Act, a fee payable under the Act (and any penalty interest or fine imposed by WorkCover) is a debt due to WorkCover and may be recovered by WorkCover in a court of competent jurisdiction.

6.13 Remission of fees

WorkCover has not granted any remissions pursuant to section 72B(4) of the Act relating to the fee payable by individual self-insured employers.

6.14 Review rights

Pursuant to section 72M of the Act, an application may be made for a review of a fee related decision (including the imposition of an adjusted fee component pursuant to section 72B of the Act) where the decision of WorkCover is considered by the self-insured employer to be unreasonable,
Chapter 7

7. Termination/expiration of registration

7.1 Application

This chapter applies to any employer whose registration as a self-insured employer ceases because:

(a) it is revoked
(b) it expires and the employer does not apply to WorkCover to have it renewed, or
(c) WorkCover determines not to grant an application for renewal or registration of a self-insured employer.

7.2 General

This chapter sets out the consequences for an employer should their registration as a self-insured employer cease.

7.3 Delegation of powers and discretions

(a) Pursuant to section 63(7) of the Act, WorkCover may determine that the delegation of powers and discretions to an employer is to continue notwithstanding that the employer has ceased to be a self-insured employer.

(b) If WorkCover determines that the delegation of powers and discretions are to continue, the delegation continues only to such extent as WorkCover thinks fit in relation to injuries that occurred before cessation of registration.

(c) Any Act or omission of an employer whose registration as a self-insured employer has ceased that is within the scope of the continued delegation will be taken for the purposes of the Act, to be the act or omission of a self-insured employer.

7.4 Assumption of liabilities

(a) Pursuant to section 50 of the Act, WorkCover is the insurer of last resort.

(b) As insurer of last resort, WorkCover must undertake the liabilities of any self-insured employer that ceases to be registered as a self-insured employer if the employer:

(i) becomes insolvent, or
(ii) ceases to carry on business in the State and fails to make provision that WorkCover considers adequate for dealing with claims, liabilities and responsibilities relating to compensable injuries arising from employment during the period of self-insured employer registration.
(c) Other than in the circumstances listed in 7.4(b), WorkCover may, in its discretion, undertake in whole or part, liabilities related to compensable injuries arising from employment during the period of the self-insured employer registration.

(d) WorkCover will ordinarily only determine to undertake part of the self-insured employer's liabilities if it is satisfied of the ability of the employer to continue to manage and bear financial responsibility for the balance of its liabilities.

(e) Where WorkCover assumes the liabilities of a self-insured employer, either in whole or part, it is entitled to receive a payment from the employer equal to the capitalised value of all outstanding liabilities.

7.5 Valuation of capitalised liabilities

(a) WorkCover will determine the process for valuation of claims at the time claims liability is assumed by WorkCover.

(b) WorkCover will appoint or approve an actuary to assess the total claims liability.

(c) The actuarial assessment will be made in accordance with the processes outlined in Chapter 10. However, WorkCover reserves the right to issue such additional instructions as the carrying out of that valuation as it considers necessary to ensure the protection of the Compensation Fund.

(d) If a claim is made by WorkCover for an amount representing liabilities that have not fallen due, or have not been ascertained, as at the date of the claim, the liabilities will be estimated and capitalized in accordance with principles stated, or referred to, in the Regulations.

7.6 Payment

(a) WorkCover may, at its discretion, give a self-insured employer whose registration is ceasing a choice as to whether to pay the capitalised sum from its own resources, or to have the financial guarantee provided during the period of self-insured employer registration paid to WorkCover.

(b) WorkCover may recover the amount of liabilities undertaken by WorkCover or part thereof, either as a debt due to WorkCover or as a claim, in the event the employer is wound up.

(c) If the employer elects to pay the capitalised sum from its own resources, WorkCover will retain the financial guarantee for such period as WorkCover determines is necessary to ensure that no part of the payment received by WorkCover is subject to repayment pursuant to the laws relating to insolvency or bankruptcy.
7.7 Run off of claims

(a) Where WorkCover is satisfied of the ability of the employer to continue to manage and bear financial responsibility for any claims by its Workers in relation to compensable injuries, it may allow the former self-insured employer to retain responsibility for such liabilities for such a period as WorkCover determines appropriate (a 'run off').

(b) Where WorkCover deems a run off to be appropriate or necessary in the circumstances, WorkCover may also determine that the former self-insured employer continues to exercise some or all of its delegated powers and discretions.

(c) If a former self-insured employer is permitted to run off its claims and continue to exercise its delegated powers and discretions, WorkCover may require the former self-insured employer to enter into an agreement with WorkCover.

(d) Without limitation, WorkCover will ordinarily consider the following circumstances as being suitable circumstances in which to allow the former self-insured employer to run off its claims:

(i) Employers that have substantially reduced their workforce but which have performed their self-insured employer duties and obligations in accordance with the requirements of the Act and its term and conditions of registration

(ii) A subsidiary of a self-insured employer is sold and the subsidiary or the self-insured employer has sufficient resources and financial security to run off its claims

(iii) An employer closes down its operations in the state, but remains a viable company operating interstate

(e) WorkCover will evaluate the former self-insured employer's compliance with the Act, standards and the agreement referred to in clause 7.7 and may terminate the run off if WorkCover considers there are substantive grounds for doing so.

(f) Upon cessation of the run off period, WorkCover will appoint an Actuary to assess the value of the claims existing at that time in order to calculate the capitalised sum (if any) the employer must pay to WorkCover.

7.8 Agreement

(a) In circumstances where WorkCover has decided not to undertake all of the liabilities of the former self-insured employer and to continue the delegation of powers and discretions to the former self-insured employer, WorkCover may require the former self-insured employer to enter into an agreement with WorkCover.
Where appropriate, the agreement will ordinarily:

(i) identify the circumstances and conditions under which the employer is permitted to retain its liabilities and exercise its delegated powers and discretions.

(ii) prescribe the consequences of any change in the circumstances or breach of any conditions imposed by WorkCover in such circumstances.

(iii) plan for the takeover of any residual liabilities by WorkCover, and

(iv) provide for operational requirements that must apply, including the provision of an appropriate form of financial guarantee and the maintenance of appropriate qualitative standards during the period of run off and exercise of delegated powers.

7.9 Registration as a registered employer

Pursuant to section 59 of the Act:

(a) Unless the employer:

(i) ceases to employ workers in employment to which the Act applies, or

(ii) is an employer who is not required to be registered pursuant to the Regulations of the Act,

(b) an employer whose registration as a self-insured employer ceases must register as an employer with WorkCover within 14 days of the cessation of its registration as a self-insured employer.
Chapter 8

8. Evaluations

8.1 Application

This chapter applies to all employers who are either:

(a) applying for the grant or renewal of registration as a *self-insured employer* in relation to that application, or

(b) registered as a *self-insured employer* with respect to whether they maintain that registration.

8.2 General

This chapter outlines the various evaluations carried out by WorkCover in relation to self-insured employer registration.

Where WorkCover deems appropriate, an evaluation may be carried out by WorkCover at any time to evaluate the employer’s overall compliance with the requirements of registration or in relation to a particular matter of compliance.

8.3 When evaluations are conducted

WorkCover will conduct evaluations:

(a) upon application for or a renewal of self-insured employer registration, and

(b) on an ongoing basis to monitor the self-insured employer’s ongoing compliance with the requirements of registration.

8.4 Criteria for evaluations

8.4.1 Grant or renewal of registration

(a) When evaluating whether an employer should be granted registration as a *self-insured employer* or have its self-insured employer registration renewed, WorkCover will evaluate the employer’s performance against the requirements of section 60(6) of the Act and the *standards* as they apply from time to time. A validation of the employer’s data provided in accordance with Schedule 1 will be conducted prior to the employer’s renewal.

(b) Chapter 3 of the Code sets out the eligibility and assessment requirements of registration or a renewal of registration pursuant to section 60(6) of the Act.

(c) WorkCover will undertake evaluations in line with the methodology set out in the Evaluation Practice Manual. The Evaluation Practice Manual can be found on the WorkCover website at [www.workcover.com](http://www.workcover.com).

8.4.2 Ongoing evaluation

(a) WorkCover will conduct evaluations of a self-insured employer’s ongoing compliance with the requirements of registration against the requirements of the Act, any terms or conditions of registration and against the *standards* as they apply from time to time.
(b) WorkCover may, for any reason, carry out an evaluation of the self-insured employer from time to time, as WorkCover deems appropriate. WorkCover will monitor self-insured employers on an ongoing basis between programmed evaluations. Instances that may result in an evaluation or re-evaluation of a self-insured employer include:

(i) a workplace fatality or serious injury or an unsatisfactory organisational response to such fatality or serious injury

(ii) serious or repeated complaints concerning the employer’s approach to work health and safety and injury management practices

(iii) a breach of section 58B of the Act or evidence of a pattern of non-provision of duties

(iv) adverse findings of the Workers Compensation Tribunal in relation to the self-insured employer

(v) serious or repeated intervention by SafeWork SA

(vi) serious administrative irregularities, such as falsification of data or reports

(vii) complaints from workers and or their industrial representatives that indicate a pattern of non-compliance

(viii) remedial action taken as a result of the review of accident incident data

(ix) instances of under-reporting of claims

(x) failure to meet an order of the Workers Compensation Tribunal, except where such an order has been stayed or is otherwise legally inoperative

(xi) a failure to comply with financial requirements.

8.5 Evaluation process

(a) Subject to the particular circumstances of the employer and the nature of the evaluation, evaluations will usually only be carried out after WorkCover has notified the employer of the nature of the evaluation and WorkCover and the employer have agreed to a time during which WorkCover may conduct its evaluation.

(b) Where appropriate, WorkCover will also notify the employer of the scope and the process of evaluation to be used in the particular circumstances prior to conducting the evaluation.

(c) An employer must make all reasonable efforts to assist WorkCover with its evaluation process. This includes the self-insured employer’s nominated officer preparing any report requested by WorkCover to be completed pursuant to its evaluation process.

(d) The Nominated Officer Report is to be provided by the employer no later than nine months prior to the expected expiry of its self-insured registration review period, unless agreed by WorkCover.
8.6 Failure to comply

If WorkCover is of the opinion an employer or self-insured employer has failed:

(a) to comply with any reasonable request for an evaluation
(b) to use all reasonable efforts to assist WorkCover with its evaluation process, or
(c) is or is likely to breach or fail to comply with the requirements of self-insured employer registration as against the relevant criteria of an evaluation,

WorkCover may

(d) refuse to grant or renew self-insured employer registration
(e) reduce or revoke the period of registration, or
(f) take such other action as the Act provides and as set out in Part IV, Chapter 5 of the Code.

8.7 Evaluation findings

(a) Evaluation against the requirements of the standards contributes to the assessment of compliance with some but not all of the criteria relevant under section 60 of the Act. An assessment of compliance with all of the criteria relevant under section 60 is considered when making a recommendation on a self-insured employer’s registration to the Board or its delegate.

(b) An outline of the application and renewal process are described in clause 4.6 and 4.8 of the Code. Clause 4.10 outlines the process where a self-insured employer does not agree with the assessment against the criteria and the proposed recommendation to the Board or its delegate.
Chapter 9

9. Group self-insured employers and corporate restructure

9.1 Application – Part I

This chapter applies to:

(a) any group of employers registered as a group of self-insured employers

(b) any self-insured employer or group of self-insured employers which forms, acquires or disposes of or is going to form, acquire or dispose of a related body corporate, and

(c) any self-insured employer which is acquired by a registered employer which thereby becomes a related body corporate.

9.2 General

(a) This chapter sets out the obligations of an employer to which the chapter applies in relation to the registration and ongoing obligations of self-insured employers and groups of self-insured employers in relation to any corporate restructure.

(b) A self-insured employer or group of self-insured employers has an ongoing obligation to notify WorkCover of the occurrence of any of the events referred to in this chapter.

(c) The role of WorkCover in any restructuring of a group of self-insured employers is to ensure:

   (i) the integrity of the self-insured employer registration is retained

   (ii) at all times, the liability for workers compensation claims is known, and

   (iii) protection of the Compensation Fund by ensuring that there is an appropriate arrangement for the management of transitional claims.

(d) In considering each circumstance where this chapter may have application, WorkCover will have regard to an employer's past circumstances in the context of changes in structure or personnel that have occurred in the meantime.

(e) Pursuant to section 60(4)(a)(ii) WorkCover determines that it is a term and condition of registration of a self-insured employer that at no time a related body corporate to that self-insured employer employs a worker or workers to this Act applies unless that self-insured employer forthwith complies with clause 9.4 of the Code to apply to constitute a group of self-insured employers that includes that related body corporate.

(f) Pursuant to section 60 of the Act WorkCover may, at any time, on application by a group of self-insured employers, amend the registration of the group by amalgamating two or more groups of self-insured employers, adding another body corporate to the group, removing a body corporate from the group or dividing the registration of the group into two or more new groups.
9.3 Group employers

(a) Pursuant to sections 60(1) and (2) of the Act, a group of employers may apply to WorkCover for registration as a group of self-insured employers providing they are related bodies corporate.

(b) The requirements for registration are set out in chapters 3 and 4 of the Code.

(c) Pursuant to section 60(4)(ba) of the Act where self-insured status was conferred on a group of related bodies corporate, it is subject to a condition that there is at no time a related body corporate to any member of the group that employs a worker or workers to which the Act applies (in this clause 9.3a "related registered employer") that is not a member of the group.

(d) If there is a related registered employer to a member of a group of self-insured employers at any time the group of self-insured employers must apply under section 60(4b) of the Act to WorkCover to add that relevant registered employer to that group. WorkCover will consider how it will deal with such an application depending on the size of the registered employer as follows:

(i) Small – the relevant registered employer has less than 100 additional workers - a new application to be registered as a new group of self-insured employers will not be required and the matter will be dealt with on application under section 60(4b)(a) of the Act to add the relevant registered employer to the existing group.

(ii) Medium – the relevant registered employer has between 100 and 200 additional workers - a new application to be registered as a new group of self-insured employers will not be required and the matter will be dealt with on application under section 60(4b)(a) of the Act to add the relevant registered employer. WorkCover will, in determining that application, carry out an evaluation to identify if the relevant registered employer can be adequately accommodated within the existing group of self-insured employers’ resources and procedures. If the application is granted the relevant registered employer body corporate will be added to the existing registration for the group.

(iii) Large – the relevant registered employer has more than 200 workers – an application must be made for a grant of self-insured status for a new group including the relevant registered employer and the relevant registered employer will be evaluated as if it was making an application for self-insured status in its own right.

(e) Clause 9.3(d) applies, but is not limited to, acquisition of a new related body corporate a member of the group of self-insured employers or the acquisition of a member of a group of self-insured employers by a new related body corporate.

(f) A failure by a self-insured employer or group of self-insured employers to make such an application in accordance with clause 9.3(d) (or the refusal of such an application by WorkCover) will be taken into account by WorkCover when considering whether to cancel or not renew the group of self-insured employers’ registration as a group of self-insured employers.

(g) WorkCover will require all necessary adjustments to financial guarantees and excess of loss insurance provided by the group of self-insured employers to reflect the inclusion of the relevant registered employer body corporate in a registration of a group of self-insured employers in the event that an application under clause 9.3(d) is granted.
(h) Transitional claims arrangements will be applicable to all such circumstances.

9.4 Changes to a self-insured employer

(a) If there is a related body corporate to a self-insured employer that employs a worker or workers to which the Act applies that self-insured employer must apply under section 60(1) of the Act for registration as a group of self-insured employers that includes that related body corporate (in this clause 9.4(4) "related registered employer").

(b) Clause 9.4(a) applies, but is not limited to, acquisition of a new related body corporate by the self-insured employer or the acquisition of the self-insured employer by a new related body corporate.

(c) A failure by a self-insured employer to make such an application in accordance with 9.4(a) (or the refusal of such an application by WorkCover) will be taken into account by WorkCover when considering whether to cancel or not renew the self-insured employers' registration as a self-insured employer.

(d) WorkCover will require all necessary adjustments to financial guarantees and excess of loss insurance provided by the self-insured employer to reflect the constitution of the new group of self-insured employers in the event that an application under clause 9.4(a) is granted.

(e) Transitional claims arrangements will be applicable to all such circumstances.

9.5 Member of a group of self-insured employers ceases to be a related body corporate

9.5.1 Registration of the ongoing group

(a) Where a member of a group of self-insured employers ceases to be a related body corporate of the other members of the group of self-insured employers (in this clause 'the outgoing group member') the group may apply to:

(i) remove the outgoing group member from the group under section 60(4b)(b) of the Act and if that application is granted the remaining members of the group will continue to be registered as a group of self-insured employers (without the outgoing group member); or

(ii) divide the registration of the group into two new groups with the outgoing group member (and a related body corporate to that outgoing group member) being a group and the remaining group members of the original group being the other group.

(b) Clause 9.5.1(a) applies, but is not limited to, the sale or disposal of the outgoing group member by another member or other members of the group of self-insured employers.

(c) Approval of an application under clause 9.5.1(a) shall be subject in each case to:

(i) ongoing compliance with the Code by all group members; and

(ii) arrangements relating to the claims of the workers of the outgoing group member and the remaining group members and the sharing of management resources as between them being advised to and approved by WorkCover.
9.5.2 Registration of outgoing group member

(a) Where an outgoing group member has been removed from the group of self-insured employers and is not a member of a new group, the outgoing group member may apply for registration as a self-insured employer but if it does not, it must apply for registration under, and within the period required by, section 59 of the Act.

(b) In order to become registered as a self-insured employer the outgoing group member must satisfy the requirements of registration set out in Chapter 3 of the Code.

(c) Notwithstanding that an outgoing group member has ceased to be a member of the original group of self-insured employers, it remains jointly and severally liable under section 60(8) of the Act for the liabilities of the nominated member of the group of self-insured employers under the Act incurred while the outgoing group member was a member of the group of self-insured employers.

9.6 Acquisition of a member of a group of self-insured employers by a registered employer

Where a registered employer acquires an entity that is a member of a group of self-insured employers (in this clause 9.6 an "outgoing group member") and wishes to become registered as a different group of self-insured employers, the original group of self-insured employers must apply under section 60(4b)(d) of the Act to divide that group registration into two groups being the members of the original group (other than the outgoing group member) as one group and the outgoing group member and the registered employer on the second group which application will be subject to the second group satisfying the requirements of the Act to a standard determined by WorkCover as set out in Chapter 3 of the Code.

9.7 Amalgamations

(a) Where a member of a group of self-insured employers acquires another self-insured employer or all the members of another group of self-insured employers they may apply, in former case, to add that self-insured employer to the group pursuant to section 60(4b)(a) of the Act and, in the latter case, apply to amalgamate their registrations so as to form a group pursuant to section 60(4b)(c) of the Act.

(b) A failure by the self-insured employer or group of self-insured employers to make such an application (or the refusal of such an application by WorkCover) will be taken into account by WorkCover when considering whether to cancel or not renew the self-insured employer's or group of self-insured employers' current registration as a self-insured employer or group of self-insured employers.

(c) If required to submit a new application for registration as a group of self-insurers, appropriate consideration will be given to the performance of the previously registered self-insurer. Where new entities that were not previously self-insured are added to existing groups or a previously single registration becomes a new group, WorkCover will consider submissions from the entity on the timing of the full application of the Natural Consequences Model to the entity or entities added to the group.
9.8 Ongoing requirements of group members

(a) Pursuant to section 60(7) of the Act, where employers are registered as a group of self-insured employers, one of the employers nominated in the application for registration shall, for the purposes of the Act, be treated as the employer of all workers employed by the various members of the group of self-insured employers.

(b) Pursuant to section 60(7a) of the Act WorkCover may, on application from the group, change the nominated employer as set out in Chapter 4 of the Code.

(c) Notwithstanding clause 9.8(a), the members of the group of self-insured employers are jointly and severally liable to satisfy the liabilities of the employer treated as the employer of all workers employed by the various members of the group.

(d) Notwithstanding clauses 9.8(a) and (c), any failure by any member of the group of self-insured employers to comply with the requirements of the Act or a term or condition of registration, as set out in Chapter 2 of the Code, will be considered to be such a failure by each member of the group of self-insured employers and may result in WorkCover taking such action as it deems appropriate in the circumstances, as set out in Chapter 5 of the Code.
Chapter 10

10. Management of transitional liabilities

Part I – Management of pre-existing liabilities on self-insured employer registration

10.1 Application

This part applies to all private employers applying for registration as a self-insured employer or restructure of existing self-insured employers.

10.2 General

This part sets out the requirements in relation to the management of transitional liabilities after the grant of self-insured employer registration.

10.3 Agreement

(a) On the grant or restructure of self-insured employer registration an agreement governing:

(i) the management of transitional liabilities, and

(ii) the management of the potential recovery of third party liabilities,

will be made pursuant to a Self-Insured Employer Transitional Claims Management Agreement (SIETCMA) made between WorkCover and the self-insured employer.

(b) The standard form of the SIETCMA can be found on the WorkCover website www.workcover.com.

10.4 Management of transitional claims by the employer

(a) The management of transitional claims requires the management by the self-insured employer or group of self-insured employers on behalf of WorkCover of transitional claims against WorkCover on the terms set out in a SIETCMA.

(b) Such management of transitional claims is a condition of the grant of registration as a self-insured employer.

10.5 General requirements

(a) The fee payable by WorkCover for the management of transitional liabilities will ordinarily be by way of payment of a sum as consideration for the management of those liabilities (claims management payment or CMP which includes an allowance for administration).

(b) The CMP will take account of and allow for the management of liabilities for claims incurred prior to and payable after the date of self-insured employer registration, including any liabilities arising from reported or unreported claims or from reopening of closed claims.

(c) The determination of the amount of the CMP will be in accordance with the conditions and principles outlined in this part and the applicable SIETCMA.
(d) The estimate of transitional liabilities used to calculate the CMP will include an estimate of the outstanding liability in respect of any claims where a recovery potential has been identified. This amount will be withheld by WorkCover until such time as WorkCover determines the liabilities are unable to be recovered.

10.6 Determination of CMP

10.6.1 Valuation

(a) An actuary appointed or approved by WorkCover will value the transitional liabilities relating to liabilities incurred or expected to be incurred prior to the date of registration as a self-insured employer.

(b) The valuation will include an adjustment based on the actuary’s estimate for:

(i) Inflation, and

(ii) the present value of the expected flow of payments by WorkCover or the self-insured employer on behalf of WorkCover.

(c) The valuation will not include an allowance for future claims administration costs. WorkCover will make such allowance for future claims administration costs as it deems appropriate as the final calculations are made.

(d) The actuary will carry out the valuation on a mid range basis and in accordance with the guidelines attached as Annexure B.

(e) The actuary’s cost in providing the valuation will be borne by the self-insured employer.

10.6.2 The calculation methodology

The intent of the methodology is to provide a payment to the employer on an as close to full value basis as possible. This is subject to a limitation by reference to the employer’s contribution to the Scheme over the defined period and the costs incurred by the Scheme with respect to the employer’s claims. This methodology is used for all applicants for self-insurance and for the existing self-insurers who are required to bring related bodies corporate into their self-insurance under the Act and this Code.

The calculation will cover all current and non-current employer registrations including registrations for related bodies corporate as determined relevant by WorkCover.

Defined period for the purpose of the calculation is six full preceding financial years and the current incomplete financial year. If the period of registration is less than six years then the full period of registration and the current financial year will be included in the calculation.

CMP will be calculated as follows:

if OL>NPP then CMP=NPP

if OL ≤ NPP then CMP=OL

where:
'OL' or 'outstanding liabilities' means the present value of the future liability of WorkCover to pay claims costs for compensable injuries attributable to traumas that occurred before the employer became a self-insured employer in relation to the workers of the employer as estimated by an actuary appointed by WorkCover.

NPP or 'net premium position' is calculated as follows:

\[ \text{NPP} = \text{APP} - \text{CP} \]

(which figure, to avoid doubt, may be positive or negative) where:

'APP' or 'adjusted premium payment' is WorkCover's estimate of the adjusted premium paid by the employer in each year during the defined period prior to becoming a self-insured employer and inflated to current financial year, and

'CP' or 'claims paid' is WorkCover's estimate of the claims costs paid by WorkCover in each year in the defined period preceding the employer becoming a self-insured and inflated to current financial year.

Adjustment factor for the premium year is the total scheme overhead administration element taken from the WorkCover annual report for the year in question and expressed as a percentage of the Scheme premium revenue for that year.

Inflation factor is the one year return rate achieved by the investments of the compensation fund as disclosed in the WorkCover annual report for the year in question (the inflation factor may be negative if the investment return is negative for the year in question). The factor will apply to both premium and claim cost inflation for each year of the calculation.

10.6.3 Determination and payment

After the valuation is completed and any adjustments have been made, WorkCover will determine the CMP.

The CMP will be paid in accordance with the terms of the relevant SIETCMA.

If NPP determined in accordance with the clause 10.6.2 is negative, no CMP will be made to the employer and the employer will be required to pay the negative amount to WorkCover as a condition of being granted self-insurance.

GST is considered to be additional to CMP and will not be counted as part of CMP until after the limitation discussed in 10.6.2 is applied.

10.7 Employers acknowledgement and SIETCMA

(a) A self-insured employer must agree in writing to the value of the CMP as determined by WorkCover as a term and condition of registration.

(b) The acknowledgement will form part of the SIETCMA.

(c) WorkCover will not proceed with the registration of the employer as a self-insured employer until it has received the acknowledgment and the completed SIETCMA.

(d) The SIETCMA includes the necessary delegations to allow the self-insured employer to manage the transitional liabilities.
10.8 Potential recovery of liabilities

(a) The CMP will be reduced by the notional outstanding claim value.

(b) A 'notional outstanding claim value' is an estimate of the total outstanding liability on a claim if all or part of that claim may be recoverable after the date of transfer.

(c) WorkCover will provide the necessary delegations to allow the self-insured employer to proceed with such recoveries.

(d) The right to manage any transitional liabilities which have a potential recovery from a third party will be subject to the following conditions:
   (i) the employer and WorkCover agreeing to a notional outstanding claim value for such transitional liabilities, and
   (ii) the employer accepting the management of the relevant transitional liability with no allowance payment in the CMP in respect of that transitional liability at the time of entering into the SIETCMA.

(e) In the event that the recovery is successful, the proceeds of the recovery will be applied as follows:
   (i) The self-insured employer will retain up to the agreed notional outstanding claim value as an adjustment of the CMP; then.
   (ii) WorkCover is to be repaid the recoverable portion of its claim costs expended prior to the date of registration of the self-insured employer; then.
   (iii) Self-insured employer retains any balance after (i) and (ii) clauses above are satisfied.

(f) The employer must diligently pursue the recovery potential of the claim, and must not discontinue the recovery process without the approval of WorkCover.

(g) In the event the recovery is less than the notional claim value, WorkCover will, subject to the employer's compliance with clause 10.6, pay the difference to the self-insured employer as an adjustment of the CMP.

(h) In the event the employer breaches clause 10.6, the employer must repay to WorkCover all potentially recoverable amounts paid by WorkCover prior to the date of registration of the self-insured employer.

(i) If the self-insured employer has complied with clause 10.6 including taking any necessary action required by WorkCover from time to time and WorkCover agrees that there is no reasonable prospect of a successful recovery, WorkCover will make payment of the notional outstanding claims value as an adjustment of the CMP to the self-insured employer as soon as practicable.

10.9 RISE and the like commitments

(a) RISE was a re-employment incentive scheme designed to encourage workers with a compensable injury to return to work through the placement of such workers with other employers in circumstances where the worker's employer is unable to provide suitable duties to that worker. RISE ceased operations in February 2007. The function has now been transferred to WorkCover's claims agents, Employers Mutual Limited and Gallagher Bassett Services Pty Ltd.
RISE provided for WorkCover to assume a liability to the employer with whom the worker is placed.

For the purposes of determining the CMP, all RISE liabilities and like liabilities arising from replacement employment or re-employment schemes will be considered to be transitional liabilities which are to be included in the liabilities to be managed by the self-insured employer subject to the terms of the Agreement entered into with a self-insured employer under clause 10.5 of the Code.

10.10 Other issues

10.10.1 Timing of payment

WorkCover will ordinarily pay the first instalment of the CMP within two months of the commencement of self-insured employer registration. The timing and adjustment of the subsequent instalments of the CMP shall be made in accordance with the terms of the applicable SIETCMA.

10.10.2 Reservation of payment

(a) WorkCover may, at its discretion, refuse to approve the self-insured employer managing the transitional liabilities, if it is unable to determine a payment value which is fair to both WorkCover and the employer within a reasonable period of time.

(b) In the event that particular claims have been reserved by WorkCover, WorkCover will propose alternative arrangements which are deemed appropriate at the discretion of WorkCover.

(c) Self-insured employer registration will not commence until the employer and WorkCover have agreed to these arrangements.

10.10.3 Effect on financial guarantee

The obligations of the self-insured employer under these provisions and the relevant SIETCMA will be taken into account in determining the financial guarantee requirement for the self-insured employer.

Part II – Transfer of liabilities on cessation of self-insured employer registration

10.11 Application

This part applies to all self-insured employers whose registration as a self-insured employer ceases for any reason.

10.12 General

This part sets out the requirements in relation to the transfer of liabilities upon cessation of self-insured employer registration.
10.13 Agreement

(a) On cessation of self-insured employer registration, if WorkCover allows the former self-insured employer to retain liability for existing claims for a period as dealt with in Chapter 7 of the Code, WorkCover will provide an Extension of Delegation to Former Self-insured Employer (EDFSIE) document between WorkCover and the former self-insured employer.

(b) The standard form of the EDFSIE can be found at Annexure E.

(c) WorkCover will amend the standard form of the EDFSIE as it thinks fit to suit the particular circumstances.

10.14 Transfer of liabilities to WorkCover

The transfer of liabilities to WorkCover will occur:

(a) if WorkCover so determines, immediately upon the self-insured employer registration ceasing, or

(b) where WorkCover allows the former self-insured employer to retain liability for a period and provides the EDFSIE, immediately upon the expiry or termination of the EDFSIE.

10.15 General requirements

(a) The transfer of liabilities will ordinarily be by way of payment of a capitalised lump sum as consideration for the transfer of liability.

(b) The amount of the payment will be determined by WorkCover.

(c) In determining the amount to be paid, WorkCover will ordinarily have regard to the principles set out in the balance of this Chapter (so far as they can be applied to the circumstances of the particular case without incurring a loss to the Compensation Fund).

(d) The cost of any actuarial valuation will be borne by the former self-insured employer.

10.16 Other issues

(a) The former self-insured employer will make payment for the transfer of liabilities as soon as practicable following cessation of registration.

(b) Upon cessation of self-insured employer registration WorkCover will be at liberty at any time to call upon the guarantee it holds in respect of that self-insured employer registration, and it shall not release the guarantee until such time as WorkCover is satisfied that all liabilities transferred to it are fully secured by the monies WorkCover has received.
Chapter 11

11. Miscellaneous

11.1 Application

This chapter applies to all self-insured employers.

11.2 Employer's duty to provide work and notice of termination of employment

As part of the section 58B and section 58C protocol with self-insured employers, the following principles have been agreed:

(a) An employer granted self-insured status needs to demonstrate a level of performance which complies with the requirements of the Act and conforms with the WorkCover Self-insured Performance Standards. To achieve this, self-insured employers must ensure compliance with sections 58B and section 58C.

(b) Self-insured employers acknowledge that a breach of section 58B and/or section 58C will be a matter which WorkCover will consider (under section 60(6) of the Act) in determining whether a self-insured registration is to be renewed. An established breach of section 58B and/or section 58C may result in either a reduced term or revocation of the employer's self-insured registration, in addition to the imposition of a remedial levy.

(c) Self-insured employers, as large and diverse businesses, in the main will be able to create opportunities to provide suitable employment to injured workers. Situations will however arise where self-insured employers may not be able to achieve this. In such instances self-insured employers must advise WorkCover. Self-insured employers are also encouraged to proactively report situations where their compliance with 58B and/or section 58C may potentially come into question.

(d) The following process of reporting by self-insured employers and monitoring by WorkCover will occur:

(i) Where a self-insured employer believes it cannot provide suitable employment to an injured worker(s), the self-insured employer must advise the Manager, Employer Regulation in writing of its inability to provide suitable employment and the basis on which it has formed this view.

(ii) Self-insured employers will provide a declaration of their compliance with sections 58B and section 58C. This declaration will be provided in the Self-insured employer report. The information provided would include details of where an employer has undertaken a review of a matter in response to a complaint they have received about section 58B or section 58C and also details of the referrals they have made to WorkCover during the renewal period.

(iii) WorkCover will evaluate self-insured employer compliance as part of the evaluation process for renewals of self-insured registration. If any issue of concern arises from the evaluation in relation to compliance with section 58B or section 58C, the evaluator will promptly advise the self-insurer and ascertain if any other information exists that might bear on the matter. If, after the self-insurer has had the opportunity to clarify the situation, the evaluator remains of the view that the matter should be investigated, the self insurer will be so informed and the matter referred to the Manager, Employer Regulation.

(iv) This process will allow WorkCover to determine whether a self-insured employer has complied with the requirements of section 58B and/or section 58C and intervene and facilitate an outcome where necessary.
(v) Where WorkCover receives a complaint of a general nature from a third party that:

- alleges that a self insurer has not complied with its obligations under section 58B and/or section 58C; but
- does not contain sufficient specific information to enable WorkCover to identify the relevant claim/s, and understand the alleged factual basis of the complaint;

(vi) WorkCover will firstly approach the party making the complaint and obtain further and better particulars in order to satisfy itself that the complaint has sufficient merit to warrant investigation.

(vii) WorkCover will determine whether an investigation (section 58B and/or section 58C) is required irrespective of whether it relates to a specific claim or generally.

(viii) Where WorkCover decides to investigate a complaint or referral that a self-insured may not have complied with its obligations under section 58B, it will provide the self-insured employer with advice that an investigation is pending and complete copies of all relevant information, correspondence and other documents (which the self-insured employer does not already have in its possession), that it is relying on for its decision to investigate the matter. This will occur no less than 10 business days before formal investigation procedures commence.

(ix) To the extent that this process is appropriate the same process will be applied in respect of complaints or referrals of potential section 58C breaches.

(x) It is important that complaints of non-compliance with section 58B obligations are investigated and resolved expeditiously and in a transparent manner.

(e) In accordance with the agreed protocol, unless the self-insured employer and WorkCover have entered into an agreement in relation to the worker's return to work, failure to comply with section 58B and section 58C of the Act may result in a prosecution under the Act. Furthermore, WorkCover could revoke, or reduce the registration of employer as a self-insured employer or take such alternative action as it deems appropriate in the circumstances.

(f) Where WorkCover proposes to recommend to the Board or its delegate that a self-insured employer's period of registration be reduced or that the self-insured employer's registration not be renewed under clause 11.2(e), WorkCover will afford the self-insured employer a reasonable opportunity to respond to WorkCover's determination that the self-insured employer has failed to comply with section 58B and/or section 58C of the Act. This will take place before the Board or its delegate makes a decision to reduce the period of, or not renew, the self-insured employer's registration.

11.3 Rehabilitation and return to work co-ordinators

(a) A self-insured employer must appoint rehabilitation and return work co-ordinator and provide necessary facilities, assistance and require training to enable such co-ordinator to perform his or her functions.

11.4 Notification of lump sum payments

(a) Without limitation, lump sum payments will ordinarily include:

(i) redemptions of future:
(A) income maintenance, or
(B) costs pursuant to section 32 of the Act

(ii) non-economic loss compensation payments pursuant to section 43 of the Act

(iii) a commutation paid under section 44 of the Act in respect of weekly payments arising from the death of a worker.

(iv) a lump sum payment to a spouse or dependant of a deceased worker under section 45A of the Act.

(b) Notification

(i) Within 14 days of making a payment:
(A) on a lump sum to a worker
(B) any addition or alteration to a determination in paragraph (A), a self-insured employer must complete and forward to WorkCover a notification of that lump sum determination or alteration.

(ii) The notification must be in such form as WorkCover may approve from time to time.

(iii) The notification must be accompanied by a copy of the determination.

(iv) The following information must also accompany the notification:
(A) for any redemption, a copy of the redemption agreement and WCT orders
(B) for any income maintenance redemption, the amount of weekly income maintenance redeemed and the current rate of notional weekly earnings
(C) for a non-economic loss compensation payment, the percentage injury upon which the calculation is based.

11.5 Decision subject to review and appeal

(a) Pursuant to section 63(4) of the Act, any decision made by a self-insured employer pursuant to the exercise of its delegated powers or discretions is subject to review and appeal.

(b) Parts 6, 6A, 6B of the Act and the Regulations set out the requirements in relation to a dispute of a self-insured employer’s decision.

(c) Pursuant to Part 6D of the Act, the WorkCover Ombudsman may:

(i) review a self-insured employer’s decision to discontinue weekly payments and may suspend the decision to discontinue weekly payments pending a resolution of a Notice of Dispute in the Tribunal

(ii) receive and investigate complaints about failures to comply with section 58B and section 58C of the Act by a self-insured employer
(iii) receive, investigate and seek to resolve complaints with reference to the Act

11.6 Medical Panels SA

(a) A self-insured employer may make a referral to Medical Panels under section 98F(2) of the Act.

(b) The procedures of Medical Panels issued by the Minister, and/or any directions given by the Convenor as to the procedures of the Panels, and/or any procedures determined by Medical Panels are binding on a self-insured employer.

11.7 Confidentiality

(a) Pursuant to section 112 of the Act, except in the circumstances provided for in the Act, a self-insured employer must ensure that its officers and employees keep confidential any information they obtain in the carrying out of the functions of a self-insured employer.

(b) A failure to comply with the requirements of section 112 may result in a fine of $5000, WorkCover revoking or reducing the registration of the employer as a self-insured employer or taking such alternative action as it deems appropriate in the circumstances.

(c) Pursuant to section 112(1a) of the Act WorkCover may enter into arrangements with corresponding workers compensation authorities about sharing information obtained in the course of carrying out functions related to the administration, operation, or enforcement of the Act or a corresponding law.

11.8 Medical examinations of employees

If a self-insured employer seeks to have a worker examined by a medical expert for purposes other than the treatment of a compensable injury, examinations may not be more frequent than every two months.

11.9 Notification under section 91 of the Act

A self-insured employer must ensure that notification of the appointment of reconsideration officers is made to the Registrar of the Workers Compensation Tribunal in accordance with section 91 of the Act, and that such notifications are updated when changes occur.

Section 91 of the Act states in part:

"91(2) A person assigned to reconsider the disputed decision—

(a) may (but need not be) an officer of the relevant compensating authority but must not be the person who made the disputed decision, and

(b) must be a person who has been nominated to the Registrar in accordance with the Regulations as a person who may be assigned to reconsider disputed decisions under this Division."

11.10 Code of Claimants' Rights

Section 123B of the Act allows for the establishment by regulation of a Code of Claimants’ Rights, dealing with the matters specified in Section 123B(2). The status of such a Code under the Act is specified in Section 123B(3).

Section 123B(4) of the Act requires a self-insured employer to ensure that in dealing with it's injured workers' claims, it's actions are consistent with the Code of Claimant's Rights.

11.11 Cooperation on information exchange

Where:

(a) a worker or former worker of a self-insured employer has suffered a compensable injury

(b) the worker or former worker of the self-insured employer became entitled to weekly payments from the self-insured employer in respect of that compensable injury, and

(c) the worker or former worker of the self-insured employer suffers a subsequent compensable injury whilst employed by a different employer,

the self-insured employer must cooperate with:

(d) WorkCover

(e) WorkCover's claims agents, or

(f) another self-insured employer,

(as the case may be) by providing information to WorkCover regarding such information as is reasonably required by WorkCover or the other self-insured employer (as determined by WorkCover) for:

(g) the calculation of the worker’s or former worker’s entitlements arising from the subsequent compensable injury, or

(h) the management of the worker’s or former worker’s claim for compensation or rehabilitation arising from the subsequent compensable injury.
Annexure A

WorkCover

Performance standards for self-insured employers
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Part 1 Introduction

During 1996, the WorkCover Board developed a policy on self-insurance in South Australia. One of the outcomes of that policy was a set of standards that would allow employers to integrate work health and safety (WHS) and injury management into their business management systems.

The performance standards and evaluation process are means to an end. The clear focus is on outcomes, with the standards as the means of ensuring that the outcomes are achieved.

These standards are one component of the requirements that self-insurers must meet in South Australia. They must be read in conjunction with other administrative and legislative requirements, including the Code of conduct for self-insured employers under the WorkCover Scheme (the Code), the Workers Rehabilitation and Compensation Act 1986 (WRCA) and the data requirements of the First schedule to the Regulations.

The primary objective for WorkCover is to provide an effective and efficient system that helps employers and employees work together to get the best results in health, safety, rehabilitation and claims management and to achieve continuous improvement in these disciplines.

The key elements of the standards are designed to address:

- the integration of WHS, claims management and rehabilitation into mainstream management systems for self-insurers
- continuous improvement
- consultation and joint employer and employee involvement
- a system capable of ensuring that employers meet their duty of care under the WHS legislation
- compliance with the Work Health and Safety Act 2012 (SA) (WHSA) and WRCA and associated Regulations
- the development of systems that measure outcomes.

The performance standards are consistent with the Australian/New Zealand Standard 4804: 1997, Occupational Health and Safety Management Systems – General Guidelines on Principles, Systems and Supporting Techniques and include modifications to incorporate rehabilitation and claims administration.

A business management systems structure clearly designates overall responsibility for WHS, rehabilitation and claims administration to senior management of the organisation.

It should be noted that compliance with the performance standards is only one of a number of matters that WorkCover will consider as part of the evaluation process associated with initial applications and renewal of self-insured registration. Details of the full range of requirements are contained in the Code, which is available from WorkCover’s website, www.workcover.com.
Part 2 Standards

2.1 Overview of the performance standards

The performance standards apply to all self-insured organisations. They will be used to provide an equitable benchmark for measuring performance and in considering applications for registration and renewal under section 60 of the Act.

The performance standards do not replace legislative requirements, or relieve organisations from the responsibility of complying with those requirements. If a conflict between these standards and the law occurs, the law will take precedence.

The performance standards describe the WHS, rehabilitation and claims management system requirements for self-insured organisations in South Australia. As such, they are designed to provide organisations with the opportunity to demonstrate objective evidence of the presence of effective business management systems.

The performance standards rely on the business and its employees identifying the health and safety hazards in the particular workplace and documenting the corrective action required to prevent injury. The hazard management process of identifying, evaluating and controlling hazards is central to, and a key deliverable of the management system created by the standards. The standards also require effective and equitable systems for the administration of rehabilitation and claims management.

The performance standards promote a business management systems approach to WHS, rehabilitation and claim management. As such, they will provide self-insured organisations with:

- flexibility in developing and implementing strategies to reduce risk, resulting in fewer claims and lower costs
- integration of WHS, rehabilitation and claims management with the core functions of the organisation
- assurance that a high level of performance is being maintained
- continuous improvement in WHS, rehabilitation and claims management.

2.2 Objectives of the standards

- To produce measurable continuous improvement outcomes in WHS, rehabilitation and claims management through a business management systems approach
- To provide a framework that allows organisations to meet legislative responsibilities under the WHSA and the WRCA and associated Regulations
- To assist WorkCover to achieve its aim of reducing claim numbers, claim rates and the cost, duration and severity of claims in South Australia, as detailed in WorkCover's strategic plan.

2.3 Consultation

The standards require two levels of consultation; internal consultation between management and employees and external consultation with WorkCover.

2.3.1 Internal consultation
Self-insurers are required to establish and maintain effective mechanisms for consultation with employees to ensure:

- employee representative involvement in the development of policy and the planning, implementation and evaluation of its WHS, claims management and rehabilitation systems initiatives within the workplace
- employee contribution to and acceptance of those processes
- compliance with the consultation requirements of the WHSA and Regulations, as a minimum.

The consultative mechanism will vary, in each self-insured organisation depending on the business management system. However, the consultative mechanism must be capable of facilitating dialogue, seeking information or the opinions of affected employees, and giving consideration to those opinions prior to management making key decisions.

2.3.2 External consultation

Self-insurers and WorkCover will consult for the purpose of:

- evaluating the employer’s business management system
- following up employee reports to WorkCover that suggest non-conformance with relevant Acts, or the self-insurer’s rehabilitation and claims management plan
- discussing and addressing unresolved non-conformance when identified by the self-insurer or WorkCover
- maintaining a relationship to review the implementation of the employer’s agreed action plan
2.4 Continuous improvement model

The continuous improvement model works on five principles as illustrated below and explained in the following section.

Diagram 1 – Continuous improvement model

**Unless otherwise stated the element requirements apply to all disciplines ie, WHS, rehabilitation and claims.**
Standard 1 – Commitment and policy

An organisation should define its WHS, rehabilitation and claims administration policy and commit adequate resources to ensure the success of its management systems.

The policy needs to be relevant to the organisation’s overall vision and objectives. It needs to set the framework for continuous improvement. It should ensure accountability and link WHS, rehabilitation and claims administration to the overall organisational values, objectives and processes. It should guide the setting of objectives. Supporting procedures should set in place the steps to be taken to achieve the organisation’s policy goals.

SCOPE: The organisation defines its WHS, rehabilitation and claims management policy and supporting procedures in consultation with employees or their representatives.

Element 1 Endorsed and distributed policy statement

The organisation’s policy statement must:

- recognise the requirement for legislative compliance
- recognise the requirement for continuous improvement
- be integral and relevant to the organisation’s:
  1) mission statement, vision, core values and beliefs
  2) overall management system structure and system
  3) activities, products, services and people.
- identify responsibilities and accountabilities for all relevant employees
- recognise commitment that appropriate internal and/or external expertise will be utilised, when required, in all related activities
- recognise other organisational policies and procedures when relevant
- recognise a commitment to communication of relevant information to all staff.
- recognise the organisation’s duty of care to all persons in the workplace including labour hire, contractors and subcontractors, volunteers and other visitors (WHS)
- recognise a hazard management approach to (WHS)
- incorporate commitment to consultation (WHS)
- incorporate commitment to consultation (REHAB)
- recognise commitment to effective rehabilitation (REHAB)
- recognise commitment to equitable claims management. (CLAIMS)
Element 2 Supporting policies and/or procedures

The organisation must have supporting policies and/or procedures that show:

- evidence of policies and/or procedures to support the policy statement
- contingency arrangements are outlined for the organisation.
Standard 2 – Planning

The successful implementation and operation of WHS, rehabilitation and claims management systems requires an effective planning process with defined and measurable outcomes. The plan starts with the policy statement and its objectives and addresses the schedules, resources and responsibilities necessary for achieving them.

Objectives, targets and performance indicators are identified as they will be used to measure the effectiveness of the WHS, rehabilitation and claims management systems and to identify areas requiring corrective action and improvement.

In summary, the plans aim to fulfill the organisation’s policy, objectives and targets.

Scope: The organisation plans to fulfill its policy, objectives and targets in consultation with employees or their representatives.

Element 1 System strategies

The organisation’s system must ensure:
- legislative compliance is addressed as part of the system, where relevant
- employees or their representatives directly affected by the implementation of WHS plans are consulted when the plans are being formulated (WHS)
- programs have objectives, targets and performance indicators where relevant
- action plans are in place to correct identified areas of non-conformance with documented procedures
- program(s) are in place to identify, evaluate and control hazards in the organisation (WHS)
- action plans are in place for dealing with corrective action identified as part of any incident investigation process (WHS)
- program(s) are in place to identify the organisation’s core rehabilitation and claims management activities and to provide direction regarding performance outcomes (REHAB) (CLAIMS).

Element 2 Setting of systems objectives

The organisation must ensure:
- the identification of appropriate objectives for the organisation
- the identification of appropriate strategies to measure, monitor, evaluate and review the system’s objectives.

Element 3 Training

The organisation must ensure:
- appropriate training requirements have been identified
- training plan(s) have been developed.
Standard 3 – Implementation

This principle focuses on ensuring that the resources and supporting mechanisms needed to achieve the organisation’s policy objectives and targets are provided.

It deals with adequate resources being made available, integration with current management practices and systems, responsibilities being defined and understood, methods for holding all managers and employees accountable, arrangements for employee involvement, training being implemented, and supporting mechanisms such as verbal and written communications.

Scope: The organisation demonstrates the capabilities and support mechanisms that are necessary to achieve its policy objectives and targets, in consultation with employees or their representatives.

Element 1 Resources

The organisation must ensure:

- adequate human, physical and financial resources are being allocated to support the program(s)
- specialist expertise is used as required.

Element 2 Training

The organisation must ensure a relevant training program is being implemented.

Element 3 Responsibility and accountability

The organisation must ensure:

- defined responsibilities are communicated to relevant employees
- accountability mechanisms are being used when relevant.

Element 4 Integration

The organisation must ensure system elements are aligned with, or integrated into, corporate business functions, where relevant.

Element 5 Employee involvement

The organisation must ensure arrangements for employee consultation and involvement are known and integrated into the programs developed (WHS) (REHAB)

Element 6 Communication

The organisation must ensure communication arrangements for information dissemination and/or exchange are in place.

Element 7 Contingency planning

The organisation must ensure contingency plans are periodically tested and/or evaluated to ensure an adequate response, if required.
Element 8  Hazard identification, evaluation and control
The organisation must ensure:

- a hazard management process that includes identification, evaluation and control is in place (WHS)
- employees or their representatives are consulted and participate in hazard management processes (WHS)
- control measures are based on the hierarchy of control process (WHS)
- program(s) are in place to ensure an appropriate WHS consideration is given to changes in the workplace and work practices (WHS)
- program(s) are in place to ensure an appropriate WHS consideration is given at the time of purchase, hire or lease of plant, equipment and substances (WHS)
- program(s) are in place to meet the organisation’s duty of care for all persons in the workplace (WHS)
- program(s) are in place to ensure work related injury/illness and incidents are investigated and action taken when relevant (WHS)

Element 9  Workplace monitoring
The organisation must ensure:

- that the implementation of relevant inspection and testing procedures are conducted by the relevant, competent person(s) (WHS)
- that corrective/preventive action is taken on non-conformance issues identified by inspection, and testing procedures (WHS)

Element 10  Process delivery
The organisation must ensure all other activities arising out of policies and/or procedures are being implemented.

Element 11  Reporting/documentation
The organisation must ensure the relevant level of reporting, records and/or documentation is maintained to support the system programs and legislative compliance.

Element 12  Documentation control
The organisation must ensure program(s) of documentation control for identification and/or currency of essential documents are in place and maintained.
Standard 4 – Measurement and evaluation

WHS, rehabilitation and claims management performance is measured, monitored and evaluated using performance indicators, to ensure that the organisation is performing in accordance with its policy, objectives and targets. Importantly, areas of success and activities requiring corrective action and improvement will be identified.

Scope: The organisation measures, monitors and evaluates its performance in consultation with its employees or their representatives, and takes corrective action when necessary.

Element 1 Objectives, targets and performance indicators
The organisation must ensure planned objectives, targets and performance indicators for key elements of program(s) are maintained and monitored.

Element 2 Internal audits
The organisation must ensure programmed internal audits are performed objectively by competent personnel to ensure performance of systems and programs and employees directly affected by the results, or their representatives, are consulted.

Element 3 Corrective action
The organisation must ensure outcomes of the audits are documented and the necessary corrective action(s) identified, prioritised and implemented.
Standard 5 – Management systems review and improvement

The organisation should regularly review and continually improve its systems. This leads to the development of continuous improvement strategies within the organisation.

Scope: The organisation regularly reviews its WHS, rehabilitation and claims management systems, in consultation with its employees or their representatives, with the objective of improving overall performance.

Element 1 Policy

The organisation must ensure it reviews the scope and content of the policy statement and supporting policies/procedures in consultation with employees or their representatives to ensure continued suitability and effectiveness.

Element 2 Objectives, targets and performance indicators

The organisation must ensure:

- the level of achievement of documented objectives, targets and performance indicators is analysed and utilised to promote continuous improvement strategies
- results are analysed and used to determine areas of success and areas requiring corrective and preventive action.

Element 3 System review

The organisation must ensure:

- the system is reviewed and revised, if required, in line with current legislation, the workplace and work practices
- the system’s measurement outcomes are used as a basis for future system development.
Glossary:

**Action plan** Describes the activities of the organisation to achieve the organisation's objectives and includes key elements for attention and/or review, the person responsible for action and the timeframes intended for completion.

**Appropriate** Suitable or fitting for a particular purpose, person, occasion or intent.

**CEO** The chief executive officer or most senior executive/manager residing within South Australia with the responsibility for WHS, rehabilitation and claims management.

**Competent** A person who is suitably qualified (by experience and/or training) to carry out the work or function described.

**Conformance** Activities undertaken and results achieved fulfil the specified requirements of the elements.

**Contingency** Planning to maintain control of the management system applicable to a particular business during an unplanned event, such as fire, chemical spill, bomb threat, injury and the loss of key personnel.

**Consultation** Consultation involves the sharing of information and the exchange of views between employers and the persons or bodies that must be consulted and the genuine opportunity for them to contribute effectively to any decision-making process to eliminate or control risks to health or safety. The extent and nature of the consultation will vary between workplaces and the different situations.

**Continuous improvement** Process of enhancing the health, safety and rehabilitation and claims management systems, to achieve improvements in overall related performance, in line with the organisation's policies. The process need not take place in all areas simultaneously.

**Evaluate** To test and find value, quality etc, to appraise, make judgements.

**Inspection** An examination of a workplace to identify and record hazards for corrective action and to check how safety features (hazard controls) are operating, paying attention especially to components most likely to develop unsafe or unhealthy conditions because of stress, wear, impact, vibration, heat, corrosion, chemical reaction or misuse, etc.

**Internal audit** A systematic, and wherever possible, independent examination, carried out by a competent person, appointed by the employer, in consultation with employees or their representatives, to determine whether an activity or activities and related results conform to planned arrangements; whether these arrangements are implemented effectively; and whether they are suitable to achieve the organisation's policy and objectives. The results of the internal audits must be documented and employees consulted over them. Preventive/corrective action plans must be subsequently developed.

**Key element** An essential component of the management system applicable to a particular business.

**Key system element** Major, indispensable element of the organisation's system.
Legislative compliance  Meeting the requirements of prevailing legislation.

Measurement  Any technique used to measure any system or element outcome against objectives, targets, timeframes etc, established or set by the organisation.

Non-conformance  Activities undertaken and the results achieved do not fulfil the specified requirements of the elements. This may be due to the absence or inadequate implementation of a system or documented systems or procedures not being followed.

Objective  An overall goal in terms of performance, arising from policies that an organisation sets itself to achieve, and which is quantified, where practicable.

Observation  Activities undertaken and results achieved fulfil the specified requirements of the elements, however an opportunity for improvement exists due to minor deficiencies identified.

Work health and safety (WHS) management system  An orderly arrangement of interdependent activities and related procedures that drives an organisation’s WHS performance.

Organisation  A company, corporation, firm, enterprise, government agency, institution, or other legal identity, or part thereof, whether incorporated or not, public or private, that has its own functions and administration.

Performance indicator  A selected indicator of how effectively a process is operating against objectives. These indicators can be quantitative or qualitative and the choice is dependent on the type of element they are used to measure, as appropriate to the organisation.

Policy  Statement by the organisation of its intentions and principles in relation to its overall health, safety, rehabilitation and claims management performance. The policy provides a framework for action and for the setting of health, safety, rehabilitation and claims management objectives and targets.

Procedure  Written, detailed way to action/perform in conformance with policy objectives.

Program  A planned component of an organisation’s business management system for health, safety, rehabilitation and claims management.

Rehabilitation  A managed process involving early intervention with appropriate, adequate and timely services based on assessed needs, which are aimed at maintaining injured or ill employees in, or returning them to, suitable employment.

Relevant  Connected with the matter in hand; pertinent (eg, legislative requirements and/or other identified needs of the organisation).

Target  A detailed performance requirement, quantified wherever practicable, pertaining to the organisation that arises from the health, safety, rehabilitation and claims management objectives. It needs to be met in order to achieve those objectives.
Workplace Monitoring

To check, observe or keep a record of something (by a person or a device), usually used for the evaluation of a hazard and for assessing the effectiveness of control measures.
## Natural Consequences Model

<table>
<thead>
<tr>
<th>NCM Outcome</th>
<th>Renewal Period</th>
<th>Meeting benchmark requires</th>
<th>Adjusted fee Component</th>
<th>WorkCover Partnership management program</th>
<th>NCM NonProgression</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superior (previous level 3)</td>
<td>3 yrs</td>
<td>• WHS and IM systems fully conform • Maturity: Evidence of at least annual conforming internal audit and management system review activity • Superior performance indicators met</td>
<td>Base Fee + $8,000 x Multiplier</td>
<td>Partnership Plan which features: • 6 monthly meetings: focus on maintaining superior performance • Formal evaluation of WHS and IM from 3 months</td>
<td>N/A</td>
</tr>
<tr>
<td>Performing (previous level 2)</td>
<td>2 yrs</td>
<td>• WHS and IM systems fully conform • Capability of continuous improvement • Maturity: Evidence of at least annual conforming internal audit and management system review activity</td>
<td>Base Fee + $4,000 x Multiplier</td>
<td>Partnership Plan which features: • 6 monthly meetings: focus towards continuous improvement capability and superior level progress activity • Formal evaluation of WHS and IM from 12 months</td>
<td>2 yrs</td>
</tr>
<tr>
<td>Developing (new level)</td>
<td>2 yrs</td>
<td>• WHS and IM conformance to performance standards 1, 2 and 3 • WHS and IM system formed for performance standards 4 and 5 but not yet fully implemented or • WHS and/or IM system conforming to performance standards 4 and 5 but maturity not demonstrated</td>
<td>Base Fee + $8,000 x Multiplier</td>
<td>Partnership Plan which features: • Quarterly submissions by employer demonstrating actions against pre-agreed action plan • 12 month validation of non-conformance close-out and report to WorkCoverSA CEO. If non-conformance remains request sent to CEO for CEO meeting with WorkCoverSA • Formal evaluation of WHS and IM from 12 months</td>
<td>2 yrs</td>
</tr>
<tr>
<td>Non-Conforming (previous level 1B)</td>
<td>2 yrs (12 mths to close out non-conformance)</td>
<td>• WHS and/or IM systems do not conform to performance standard 1 and/or 2 and/or 3</td>
<td>Base Fee + $12,000 x Multiplier + Remedial Fee (assessed on a case-by-case basis and applied for 12 mths)</td>
<td>Partnership Plan which features: • Quarterly submissions by self-insurer demonstrating actions against pre-agreed action plan • 12 month validation of non-conformance close-out and report to WorkCoverSA CEO. If non-conformance remains request sent to CEO for CEO meeting with WorkCoverSA • Formal evaluation of WHS and IM from 12 months</td>
<td>2 yrs</td>
</tr>
<tr>
<td></td>
<td>1 yr (Second evaluation outcome as non-conforming)</td>
<td></td>
<td>Base Fee + $12,000 x Multiplier + Additional Remedial Fee will be applied</td>
<td>Second evaluation outcome as Non-conforming</td>
<td>1 yr</td>
</tr>
</tbody>
</table>

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**Second and subsequent evaluations outcome as Performing (Base Fee + $4,000 x Multiplier):**
- Base Fee + $4,000 x Multiplier
- 6 monthly meetings: focus towards continuous improvement capability and superior level progress activity
- Formal evaluation of WHS and IM from 12 months
- 2 yrs

**Second and subsequent evaluation outcome as Developing:**
- Base Fee + $8,000 x Multiplier
- Partnership Plan which features:
  - Quarterly submissions by employer demonstrating actions against pre-agreed action plan
  - 12 month validation of non-conformance close-out and report to WorkCoverSA CEO. If non-conformance remains request sent to CEO for CEO meeting with WorkCoverSA
  - Formal evaluation of WHS and IM from 12 months
- 2 yrs

**Second evaluation outcome as Developing:**
- Base Fee + $12,000 x Multiplier + Remedial Fee (assessed on a case-by-case basis and applied for 12 mths)
- Partnership Plan which features:
  - Quarterly submissions by self-insurer demonstrating actions against pre-agreed action plan
  - 12 month validation of non-conformance close-out and report to WorkCoverSA CEO. If non-conformance remains request sent to CEO for CEO meeting with WorkCoverSA
  - Formal evaluation of WHS and IM from 12 months
- 2 yrs

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NATURAL CONSEQUENCES MODEL:

Self-insured employers will be allocated by WorkCover to the various levels within the model in accordance with the assessed performance at the time of the renewal of the registration by WorkCover’s Chief Executive Officer (CEO) or WorkCover Board.

At the time of its first grant of self-insured status, a new self-insured employer is required to enter the model at least at the Developing level (two-year registration), and will then be expected to move progressively, up the levels following each assessment.

The movement up the levels will be progressive up to the maximum registration period of three years. Progression (upward movement) will normally be one step at a time, although a self-insured employer may progress (subject to the outcomes of re-evaluation) more rapidly through the model.

A self-insured employer will be required to move up the various levels as part of the continuous improvement cycle or face the consequences of being dropped back to a lower level and paying increased levies (in accordance with the model).

It should be noted that, where there is assessed non-compliance with the performance standards and indicators are likely to affect the recommended term of registration of the self-insurer (and the decision by WorkCover is in dispute), the matters associated with non-conformance will be reviewed in accordance with the Evaluation Practice Manual and the dispute process outlined in that document. If the matter under dispute is not resolved to the satisfaction of the employer, then the employer has the right to submit an appeal to the Minister under section 62A of the Act. The facts presented by the employer in mitigation (should the matters in relation to the dispute not be resolved), will also be presented to the CEO or Board for consideration as part of the application for, or renewal of, self-insurance.

Furthermore, all decisions of the CEO or Board to grant or renew self-insurance status for periods of less than three years can be appealed by the self-insurer and sent to Ministerial review under section 62A of the Act.

Meeting the benchmark is defined as:

Conformance with the performance standards in both WHS and injury management, which is performing beyond that generally expected of a registered employer in work health and safety(WHS) and injury management, while achieving defined and agreed outcomes and demonstrating continuous improvement. Refer to Appendices for further detail.

‘Superior’ level:

Superior level applies to an existing self-insured employer that can demonstrate through the evaluation process that it’s WHS and injury management system(s) conform to all of sub-elements set out in all five performance standards. Self-insured employers also need to demonstrate that its WHS and injury management(s) demonstrate evidence of at least annual conforming internal audit and management system review activity.

In addition, the self-insured employer must demonstrate that it can meet the ‘Superior Performance Indicators’.

Superior level attracts a three year registration period. A differentiated fee will not be applied.
‘Performing’ level:

Performing level applies to an existing self-insured employer that can demonstrate through the evaluation process that its WHS and injury management system(s) conform to all of the sub-elements set out in all five performance standards.

At this point, the self insured employer’s WHS and injury management system must be capable of driving continuous improvement initiatives and outcomes, where relevant. The self-insured employers must have evidence of at least annual internal audit and management system review activity.

As a minimum, the self-insured employer or group of self insured employers must be able to show how measurement and evaluation, and management system review activities adequately review the effectiveness of the WHS and injury management system and key or critical processes.

Performing level attracts a two year registration period.

A differentiated fee will not be applied for first renewal period at the Performing level.

If the second evaluation outcome is at the Performing level, then a fee adjustment in line with the Developing level will apply in accordance with the fee adjustment model.

A self-insured employer can elect to remain at this level of performance, but in doing so will attract a differentiated fee.

‘Developing’ level:

Developing applies to an existing self-insured employer or new applicant who can demonstrate through the evaluation process that its WHS and injury management system(s) conform to all of the sub-element requirements set out in performance standards 1, 2 and 3, but has non-conformance(s) in either performance standards 4 and 5 or is not able to demonstrate maturity through evidence of at least annual conforming internal audit and management system review activity.

Developing also applies to an employer seeking registration as a self-insured employer (new applicant). A new applicant is expected to demonstrate conformance with all sub-elements set out in performance standards 1, 2 and 3. A new applicant will need to at least also demonstrate that it’s WHS and injury management system(s) is formed for performance standards 4 and 5.

Developing level attracts a two year registration period with a 12 month period to close out non-conformances.

In the event all non-conformance(s) are not closed out within the two year registration period, a further one year renewal may be granted.

A differentiated fee will apply in accordance with the fee adjustment model, and WorkCover will apply a remedial fee as set out in the fee adjustment model. The remedial fee will be based upon the additional evaluation work that WorkCover will perform with the self-insured employer.

If at the end of the 12 month period, conformance is not demonstrated WorkCover will not renew the self-insured employer’s registration.

A recommendation will be made to the WorkCover Board to revoke the employer’s or group of self insured employer’s self-insurance registration. This may require the self insurer employer’s registration to be extended for a short period of time pending the decision of the WorkCover Board and any appeal process that may follow.
'Non-conforming' level:

Non-conforming level applies to an existing self-insured employer that has failed to demonstrate through the evaluation process that it's WHS and/or injury management system(s) conform to all of the sub-elements set out in performance standards 1, 2 and 3.

A non-conforming level attracts a two-year registration period with a nine month period to close-out non-conformances. An information paper will be presented to the CEO at the 12 month mark.

WorkCover will require the self-insured employer to prepare and submit a corrective Action Plan, which will be attached to the terms and conditions of self-insurance renewal. The corrective Action Plan will be monitored by WorkCover on a quarterly basis.

WorkCover’s CEO may engage with the self-insured employer’s CEO seeking commitment to corrective action.

A differentiated fee will apply in accordance with the fee adjustment model, and WorkCover may apply a remedial fee as set out in the fee adjustment model. The remedial fee will be based upon the additional evaluation work that WorkCover will perform with the self-insured employer.

Should the self-insured employer at the Non-conforming level not effectively close-out by the next evaluation, a further renewal period will only be granted for 12 months.

If at the end of the 12 month period, conformance is not demonstrated (at least at the 'Developing' level) WorkCover will not renew the self-insured employer’s registration.

A recommendation will be made to the WorkCover Board to revoke the employer’s or group of self-insured employer’s self-insurance registration. This may require the self insurer employer’s registration to be extended for a short period of time pending the decision of the WorkCover Board and any appeal process that may follow.
SUPERIOR PERFORMANCE INDICATORS

Superior level applies to an existing self-insured employer that can demonstrate through the evaluation process conformance with the WorkCover performance standards and that system maturity and continuous improvement can be demonstrated by addressing ALL of the following criteria:

- Continuous planning cycle reflecting the outcome of management system review activities can be demonstrated throughout the current renewal period.
- Demonstrate implementation of WHS and injury management internal audit, utilising internal audit program and performance reporting against program measures, have taken place.
- Programs have evolved with the focus shifting beyond compliance to effective management of all aspects of the program. Program measurement is undertaken against positive performance indicators not lag indicators.

The following specific ‘Superior Indicators’ have been met:

Continuous improvement in programs

- Internal and external audits, including those undertaken by WorkCover, confirm both the conformance of program element requirements, and the effectiveness of outcomes.

Executive level engagement

- A documented program is in place for the active, ongoing involvement of all identified executive and senior management in driving the WHS and injury management system.
- The program has objectives, targets and performance indicators in line with standard 2.1.3, consistent with the policy objectives of WHS and injury management.
- The programs objectives, targets and performance indicators are maintained and monitored, in line with standard 4.1.
- The program objectives, targets and performance indicators are reviewed, analysed and any deficiencies corrected, in line with standard 5.2.

Positive WHS and injury management culture and climate

- A documented program is in place that defines WHS and injury management behaviours. The behaviours are understood by all measured, reviewed, analysed and actioned.
- The program has objectives, targets and performance indicators in line with standard 2.1.3, consistent with the policy objectives of WHS and injury management.
- The program objectives, targets and performance indicators are maintained and monitored, in line with standard 4.1.
- The programs objectives, targets and performance indicators are reviewed, analysed and any deficiencies corrected, in line with standard 5.2.
**Activity-based costing component**

The activity-based costing component of the model relates to the current funding model. It represents that component of the fee paid by the employer, based on a fair contribution to the operational costs of WorkCover (refer to section 68 of the Act), as adjusted by an employer-by-employer basis.

The base figure will be formally reviewed annually. This annual base figure will be converted to a percentage fee rate, to be set by the Board each year at the same time as it sets the normally registered Scheme rate.

**Adjusted fee component**

The adjusted fee component will be applied as differentiation between classes of self-insured employers which allows for an extension to the activity-based costing model, on the basis that there must be additional evaluation work (and resourcing) needed where a self-insured employer has been assessed as not meeting or maintaining the requirements for a three-year grant of registration (refer to the model). The adjusted fee component within the model is based on an estimated additional resourcing requirement for the increased evaluation activity and associated administrative costs.

A multiplier will be applied to the quantum of the adjusted fee component set out in the table above determined in accordance with the following table and based on the aggregate remuneration (as defined in section 65 of the Act) paid to the employer's workers:

<table>
<thead>
<tr>
<th>Remuneration</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $25m pa</td>
<td>1</td>
</tr>
<tr>
<td>$25m – $50m pa</td>
<td>2</td>
</tr>
<tr>
<td>Over $50m pa</td>
<td>3</td>
</tr>
</tbody>
</table>

**Additional fee component**

The additional fee component will apply in addition to the activity and adjusted levy component and will be imposed as a differentiation between classes of self-insured employers whose registration as a self-insured employer is subject to assessed non-compliance with the standards and/or the Code (as amended from time to time).

The quantum of the additional fee component will be assessed on a case-by-case basis and will consider such factors as:

- the degree and extent of assessed individual non-conformance
- the necessary resources that would need to be applied to remedy the identified non-conformance
- the cost of implementing an agreed control strategy to remedy the issues identified.

This may (for example) involve funding an external third party to assist in the resolution of the issues over a period of time.
Annexure B

Actuarial guidelines

1. Actuarial reports provided for the purposes of fixing the level of financial guarantees should state whether the valuation is done on the basis of the claims continuing to be managed by the self-insured employer or by WorkCover.

2. For the purpose of the calculation of the net present value of a future stream of payments used to calculate a provision for future liabilities a real discount rate of no greater than 4% should be used.

3. Any estimate of outstanding liability for an employer should include adequate provision for claims incurred but not reported (IBNR) based on the history of claims reporting patterns of that employer over a period of at least three years (or such other time as WorkCover approves) and should make reasonable allowance for claims that occur gradually e.g., hearing loss, as well as a factor to escalate the provisions based on movement in past estimates.

4. Realistic and adequate provision should be made for liabilities that may arise pursuant to section 43 of the Act (lump sums).

5. The estimate of outstanding liability should include a provision for future administration expense in handling claims and that expense factor should not be less that eight percent of claims value of payments.

6. Any estimate of outstanding liability prepared for a self-insured employer should be validated by a physical review of a sample of the employer’s claims to verify the basis of the valuation.

7. In choosing the sample required under para 6, an actuary should include a review of claims in each of the following categories. The cost referred to should be considered to be the full incurred cost including both the cost paid to the date at which the report is compiled and the estimate of future outstanding liability on the claim.

   7.1. All open claims where the estimate exceeds $100,000

   7.2. 20% of claim files where the estimate is between $5000 and $100,000

   7.3. 5% of claim files where the estimate is less than $5000 and five days time has been or is expected to be lost, and

   7.4. Such proportion as the actuary deems proper of claims closed during the period since the last review, with a view to identifying the probability and cost of re-opening claims and to providing a comment on whether the proportion of claims examined in this category is adequate to provide a proper view.

In relation to categories 7.2 and 7.3, if there are less than 10 claims in the category, then all such claims should be reviewed; if there are more than 10 claims in the category, 10 or the number of claims derived in accordance with the stated requirement should be reviewed, whichever is the greater, up to 25 per category. If the actuary believes that a true reflection cannot be achieved with the maximum number stated above, then the actuary should review such higher number of claims as the actuary deems appropriate.
8. The report should state the number of claims reviewed in each of the categories.

9. The report should list the estimated outstanding liability in aggregate for each claim year as assessed by the actuary and as assessed by the self-insured employer.

10. After reviewing the sample the actuary should state, after taking into account the sample reviewed, what is the most appropriate method of valuation of the particular portfolio of outstanding liabilities and the reasons.

11. The report must include a statement of the total workers compensation payments made during the year under review regardless of the claim year the payments apply to.

12. The report must include a 'claims paid' development table including all claim years for which a payment was made during the period under review. For example:

<table>
<thead>
<tr>
<th>Claim year</th>
<th>Payment year 1</th>
<th>Payment year 2</th>
<th>Payment year 3</th>
<th>Payment year 4</th>
<th>Payment year 5</th>
<th>Payment year 6</th>
<th>Total payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>X</td>
<td>XX</td>
<td>XXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXXX</td>
<td>Total</td>
</tr>
<tr>
<td>1996</td>
<td>X</td>
<td>XX</td>
<td>XXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>1997</td>
<td>X</td>
<td>XX</td>
<td>XXX</td>
<td>XXXX</td>
<td></td>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>1998</td>
<td>X</td>
<td>XX</td>
<td>XXX</td>
<td></td>
<td></td>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>1999</td>
<td>X</td>
<td>XX</td>
<td>XXX</td>
<td></td>
<td></td>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>2000</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total</td>
</tr>
</tbody>
</table>

13. The report must include a list of total estimated incurred costs for each claim year in respect of which a payment has been made during the period under review.

14. Potential recoveries under any excess of loss or other insurance maintained by the employer shall not be taken into account in determining the employer’s workers compensation liabilities.

15. Any allowance for discounting or inflation must be stated in such a way as both the rate and the total dollar amount of the discount or inflation allowance is readily identifiable.

16. The actuarial report should be compliant with the Professional Standard PS300 of the Institute of Actuaries of Australia. This compliance must be explicitly stated in the report.

17. The employer bears the responsibility for all costs associated with the actuarial analysis unless otherwise specified by WorkCover. Accounts for actuarial services should be rendered directly to the employer.
Annexure C

Schedule 1 to the Regulations

Schedule 1—Self-insured employers terms and conditions of registration

1 The employer must ensure that forms for making a claim under the Act, in a form approved by the Corporation, are reasonably available to the employer’s workers.

2 The employer must ensure that all claims under the Act are promptly and efficiently investigated and determined.

3 The employer must ensure that any benefit to which a worker is entitled under the Act is—
   (a) provided promptly; and
   (b) periodically reviewed in accordance with the Act.

4 The employer must ensure, so far as is reasonably practicable, that up to date programs that are designed to prevent or reduce the incidence of compensable injuries are established and maintained at places where the employer’s workers work.

5 (1) The employer must, in respect of each reporting period, provide the following information to the Corporation:
   (a) Employer details:
      (i) the Employer Registration Number;
      (ii) the relevant Location Number;
      (iii) the relevant Location Address;
   (b) Particulars relating to each new claim received by the employer during the reporting period:
      (i) the claim number assigned by the employer;
      (ii) the full name of the worker;
      (iii) the sex of the worker;
      (iv) the date of birth of the worker;
      (v) the language usually spoken at home by the worker;
      (vi) the worker’s country of birth;
      (vii) the postcode of the worker’s residence;
      (viii) the worker’s notional weekly earnings (if applicable);
      (ix) the postcode of the location where the injury occurred;
      (x) if the injury occurred at a particular workplace—the predominant class of industry at that workplace;
      (xi) whether the worker is employed on a full time or part time basis by the employer;
(xii) whether the worker is employed on a permanent or casual basis by the employer;
(xiii) the occupation of the worker at the time of the injury (including, if the worker is an apprentice, making specific reference to that fact);
(xiv) the main tasks usually performed by the worker in the stated occupation;
(xv) the normal hours, and days per week, worked by the worker;
(xvi) the date on which the worker commenced employment with the employer;
(xvii) the activity being undertaken by the worker at the time of the occurrence of the injury;
(xviii) the date of the occurrence of the injury;
(xix) the time of day at which the injury occurred (so far as is known to the employer);
(xx) the date on which the employer was first notified of the injury;
(xxi) the apparent cause of the injury;
(xxii) a description of the injury;
(xxiii) a statement as to the parts of the worker's body affected by the injury;
(xxiv) the date on which the worker ceased work (if incapacitated for work);
(xxv) if relevant, the date of death of the worker;
(xxvi) the date on which the occurrence of the injury, or the incident that caused the injury, was reported to the administrative unit of the Public Service that is, under a Minister, responsible for the administration of the Occupational Health, Safety and Welfare Act 1986 (if applicable);

(c) Particulars relating to each claim that is open during any part of the reporting period:
(i) the WorkCover reference number;
(ii) sufficient details to allow the worker and the claim to be identified;
(iii) the status of the claim (eg accepted, rejected, undetermined, finalised, reopened);
(iv) the total time lost from work by the worker during the relevant period (if any);
(v) the worker's last known work status;
(vi) the date on which the worker resumed work (if known);
(vii) the date on which the claim was determined and the date and effect of any redetermination of the claim;
(d) Particulars relating to each claim on which action has occurred during the period, including details of any changes and, if relevant, the latest totals of payments in the following categories:

(i) income maintenance;
(ii) medical services (eg medical practitioner or dentist);
(iii) medical—allied health;
(iv) medical—other goods and services;
(v) hospital outpatient;
(vi) hospital inpatient;
(vii) rehabilitation;
(viii) lump sum payments (section 43 or 45A of the Act);
(ix) redemption of income maintenance payments (section 42 of the Act);
(x) redemption of medical expenses (section 42 of the Act);
(xi) common law;
(xii) legal;
(xiii) investigation;
(xiv) travel;
(xv) other goods and services;
(xvi) other non-compensation;
(xvii) property damage;
(xviii) third party recovery;

(e) Other information reasonably required by the Corporation (including information required to meet national data collection requirements).

(2) For the purposes of subclause (1)—

(a) the information must be provided in a manner and form (including by electronic means), and at a time, determined by the Corporation; and

(b) the Corporation may, from time to time—

(i) by notice in writing, waive or postpone the obligation to comply with the requirements of that subclause, either for an individual self-insured employer or for self-insured employers of a specified class, subject to conditions (if any) determined by the Corporation; and

(ii) on giving reasonable notice (by further notice in writing), vary or revoke the operation of a notice under subparagraph (i), or vary, revoke or substitute a condition that applies under that subparagraph.

(3) In this clause—

*reporting period* means a period of 14 days or such longer period approved by the Corporation with respect to the relevant employer from time to time.
6 (1) The employer must deliver to the Corporation within 5 months after the end of each financial year of the employer—
   (a) an audited copy of the employer's financial statements for that financial year; and
   (b) an actuarial report on the outstanding liabilities of the employer under the Act, as at the end of that financial year.

(2) For the purposes of this clause, the financial years of an employer are successive periods, not exceeding 12 months, determined by the employer to be the employer's financial years or, in the absence of such a determination, each period of 12 months ending on the 30th day of June.

7 (1) The employer must at all reasonable times allow an authorised officer to examine—
   (a) the accounting and other records of the employer; and
   (b) any system or facility used by the employer in connection with acting as a self-insured employer under the Act.

(2) The employer must provide such assistance as may be reasonably required to facilitate an examination referred to in subclause (1).

(3) The employer must, at the request of a person carrying out an examination referred to in subclause (1), provide any explanations, information or assistance that the person may reasonably require for the purposes of the examination.

(4) The employer must comply with any written notice served on the employer by an authorised officer requiring the employer to exercise or perform a power or function of the employer under the Act in accordance with the Act.

8 (1) The employer must ensure that there is in force at all times a guarantee given by a financial institution to or in favour of the Corporation which—
   (a) guarantees the payment of an amount to the Corporation in the event that the employer becomes insolvent or ceases to be a self-insured employer; and
   (b) complies with subclause (3).

(2) The amount guaranteed by a guarantee entered into for the purposes of subclause (1)—
   (a) must be an amount, at least equal to the prescribed sum, determined by the Corporation to be reasonable for the purposes of this provision after taking into account the principle that a scaling factor of 2 should be applied to—
      (i) an actuarial estimate of the value of the current and contingent liabilities of the employer under the Act at the time of the determination (whether or not claims have been made with respect to those injuries); plus
      (ii) an actuarial estimate of the value of the liabilities of the employer as a self-insured employer under the Act in respect of compensable injuries attributable to traumas expected to arise from employment by the employer over the ensuing period of 12 months; less
      (iii) an actuarial estimate of the amounts expected to be paid out by the employer under the Act over the ensuing period of 12 months; and
(b) must be reviewed annually.

(3) A guarantee complies with this subclause if—

(a) the guarantee is given by a financial institution which has a credit rating at least equal to a standard set by the Corporation for the purposes of this provision and which is specifically approved by the Corporation as a financial institution which can give guarantees under this clause; and

(b) the guarantee is in a form, and for a term, approved by the Corporation.

(4) A financial institution cannot give a guarantee under subclause (1) if the financial institution and the employer are related bodies corporate.

(5) The Corporation and an employer may agree to enter into and maintain an arrangement that will apply in substitution for a guarantee under this clause if the Corporation is satisfied that the arrangement provides adequate and appropriate security to the Corporation in case the employer becomes insolvent or ceases to be a self-insured employer and, in the event of such an agreement, the employer is not (while the agreement remains in force) required to comply with a preceding subclause.

(6) In this clause—

financial institution means—

(a) an ADI; or

(b) a person whose sole or principal business is the provision of financial services;

prescribed sum means—

(a) in respect of an amount that is to apply to a period that corresponds to, or ends during, 2010—$730 000;

(b) in respect of an amount that is to apply to a period that corresponds to, or ends during, a subsequent year—a sum (calculated to the nearest multiple of $10 000) that bears to $730 000 the same proportion as the Consumer Price Index for the September quarter of the immediately preceding financial year bears to the Consumer Price Index for the September quarter, 2009;

related bodies corporate has the same meaning as in section 60(9) of the Act.

9 The employer must ensure that there is in force at all times a contract of insurance, in a form approved by the Corporation, for an amount approved by the Corporation, in excess of an amount approved by the Corporation, against any liability of the employer that may arise under the Act as a result of the occurrence of 1 event or series of events during the period of the contract.

10 In relation to an employer that is a company incorporated, or taken to be incorporated, under the Corporations Act 2001 of the Commonwealth—

(a) the employer must immediately give the Corporation written notice of the commencement of any procedure to liquidate or wind up the employer; and

(b) the employer must, within 5 business days, give the Corporation written notice of—

(i) the commencement of steps to merge or take over the employer or the undertaking of the employer; or
(ii) a change in the board of directors of the employer that substantially changes the management of the employer; or

(iii) a relocation of the undertaking of the employer; or

(iv) the purchase or sale of any asset that materially changes the financial position of the employer, the composition of its workforce or the nature of the work undertaken by its workers; or

(v) any other action that significantly affects the employer's ability to meet its liabilities under the Act.

11 The employer must ensure that—

(a) all documentation that relates to a claim against the employer under the Act is retained for at least 20 years after the day on which the final payment is made in respect of the claim; and

(b) any documentation that relates to a claim against the employer under the Act in respect of an injury that occurred before the employer became a self-insured employer or 1 of a group of self-insured employers is provided to the Corporation after the material has been retained by the employer for 20 years as required by paragraph (a).

12 (1) The employer must, in carrying out its functions under the Act, take into account the racial, ethnic and linguistic diversity of the employer's workforce, the interests of both sexes, and the interests of those who may be physically, mentally or intellectually impaired, and must ensure that those of the employer's workers who are entitled to benefits under the Act are not disadvantaged because of their origins or background, their sex, or some physical, mental or intellectual impairment.

(2) The employer should, as far as reasonably practicable, ensure that information provided for use in the workplace is in a language and form appropriate for those expected to make use of it.

13 This Schedule applies to self-insured employers who are registered under section 60 of the Act.
Annexure D

Workers Rehabilitation and Compensation Regulations 2010 (Regulation 11)
under the Workers Rehabilitation and Compensation Act 1986

11—Registration (section 62 of Act)

(1) For the purposes of section 62 of the Act, an application for registration as a self-insured employer or group of self-insured employers must contain, or be accompanied by, the following:

(a) a statement, prepared by an actuary, of the liabilities that an employer would be undertaking over the first 12 months if the applicant were registered as a self-insured employer;

(b) details of the financial guarantee or other security arrangements, and the contract of insurance, that the applicant would obtain for the purposes of Schedule 1 if the applicant were registered as a self-insured employer;

(c) a detailed plan of the arrangements that the applicant would implement to administer claims under the Act, which must—

(i) include details of—

(A) the job specifications of the officers who would be responsible for administering the claims; and

(B) the lines of accountability and control that would apply to those officers; and

(C) the policies that would be adopted for the rehabilitation of injured workers; and

(D) the arrangements that would be implemented for the making of claims under the Act; and

(ii) be accompanied by a copy of any form that the applicant would require a claimant to complete;

(d) in respect of safety policies—

(i) a copy of any safety policy that has been adopted by the applicant; and

(ii) details of any programs that the applicant has implemented, or proposes to implement, to train workers in safe working procedures; and

(iii) details of the facilities and arrangements that the applicant has for providing first aid to workers; and

(iv) details of any safety committees that have been established by the applicant, and a copy of any minutes kept from meetings held by those committees over the period of 6 months immediately preceding the application;

(e) the name of any registered association of which any worker employed by the applicant is a member.

(2) Pursuant to section 62(2) of the Act, a fee of $10,000 (plus GST) in addition to $15 (plus GST) for each worker employed by the employer, or group of employers, at the time of the application is fixed as the fee that must accompany an application for registration as a self-insured employer, or group of self-insured employers.
(3) However—

(a) if the applicant is an employer who is taking over, or who has within the preceding period of 12 months before the date of application taken over, an activity undertaken by the Crown or an agency or instrumentality of the Crown and who, at the same time, is taking over, or has taken over, the employment of various workers engaged in that activity then—

(i) if that activity is the sole activity undertaken by the employer within the State—no fee is payable under subregulation (2); and

(ii) in any other case—there will be a proportionate reduction in the fee that is otherwise payable under subregulation (2) according to the proportion that the activity that is being taken over, or that has been taken over, bears to all activities undertaken by the employer within the State; and

(b) if the applicant is an employer who has, within the preceding period of 2 months before the date of application, ceased to be a self-insured employer by virtue of a proclamation under section 61(2) of the Act then no fee is payable under subregulation (2); and

(c) the maximum fee payable under subregulation (2) is $40 000 (plus GST).

(4) For the purposes of section 62(3) of the Act—

(a) any material change in any details or information previously provided under section 62(1) of the Act will constitute prescribed circumstances; and

(b) the period of 30 days from the occurrence of any such change is prescribed.
Annexure E

Extension of delegation to former self-insured employer pursuant to section 63(7) of the Act

Whereas:

- (Employer name) has been registered as a self-insured employer under section 60 of the Workers Rehabilitation and Compensation Act 1986 (the Act)
- (Employer name) has advised WorkCover Corporation of South Australia (WorkCover) of its desire to withdraw from operations requiring it to employ workers within South Australia, and
- WorkCover has determined pursuant to section 63(7) of the Act that the delegation of the powers contained in section 63 of the Act should continue to enable (employer name) to remain responsible for management and liability for claims incurred while (employer name) was registered as a self-insured employer.

WorkCover hereby determines that the powers delegated to self-insured employers shall continue to be vested in (employer name) for a period expiring on (date) upon the following terms and conditions:

1. (Employer name) shall maintain to the satisfaction of WorkCover resources adequate to ensure proper management of all claims incurred before the self-insured employer registration of (employer name) ceased.

2. (Employer name) shall continue to report all data relating to the claims it manages as though it was a continuing self-insured employer.

3. (Employer name) shall maintain a financial guarantee in favour of WorkCover in a form and in a sum approved by WorkCover. In order to maintain this guarantee at an appropriate level, (employer name) shall provide to WorkCover actuarial evaluations of the outstanding claims portfolio at such intervals as WorkCover shall require, provided that WorkCover shall not require such evaluations more often than once per year.

4. (Employer name) shall provide evidence from its parent company of an undertaking by that parent to retain (employer name) in existence for the duration of this arrangement.

5. From the date of this document (employer name) shall cease to be registered as a self-insured employer, and will register and maintain that registration as a non-self-insured employer. However, whilst exercising the powers under this delegation, (employer name) will be subject to the same performance standards and requirements that apply to a self-insured employer in respect of the management and determination of claims.

6. (Employer name) shall have the right to terminate these arrangements upon giving WorkCover reasonable notice.

7. Should WorkCover cease to be satisfied with (employer name)'s compliance with any of these conditions, or otherwise consider that continuation of these arrangements is inconsistent with the objectives of the WorkCover Scheme, WorkCover may terminate these arrangements forthwith.
Dated the day of (year)

Signed for and on behalf of the WorkCover Corporation of South Australia by

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pursuant to a power contained in WorkCover's Delegation of Authorities

Dated ...........................................................

Witnessed by:

.................................................................

B. MORRIS, Government Printer, South Australia