



Queensland

Workers' Compensation and Rehabilitation Amendment Regulation (No. 1) 2008

Regulatory Impact Statement for SL 2008 No. 105

made under the

Workers' Compensation and Rehabilitation Act 2003

1 Title

Transitioning Accreditation of the Rehabilitation and Return to Work Coordinator Course and Training Providers to the Vocational Education and Training Sector, Changing the Criteria for Appointment of Coordinators and Mandating Recertification.

2 Purpose of the Regulatory Impact Statement

The development of significant subordinate legislation that is likely to impose appreciable costs on the community or parts of the community requires a Regulatory Impact Statement (RIS) to be prepared in accordance with the Statutory Instruments Act 1992. The RIS explains to the community the need for subordinate legislation and sets out the costs and benefits that would flow from its adoption.

3 How to respond to this Regulatory Impact Statement

The Queensland Government invites all members of the community to participate in the legislative development process by commenting on any information presented in this RIS.

The closing date for providing comments on this RIS is 23 March 2007.

Submissions should be sent to:

Mail: The RIS Coordinator
Strategic Policy Branch
Workplace Health and Safety Queensland
Department of Employment and Industrial Relations
GPO Box 69
Brisbane QLD 4001

Email: whsqris@deir.qld.gov.au

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Fax: (07) 3404 3550

4 Public access to submissions

If your submission contains information that you do not wish to be disclosed to others, please mark it 'Confidential'. Respondents wishing to make confidential submissions should be aware of the Freedom of Information Act 1992 (the FOI Act). Under the FOI Act, the Department of Employment and Industrial Relations (the Department) must, on application, grant access to documents in the possession of the Department unless an exemption provision applies.

For example, if a submission contains information about a person's personal affairs (e.g. experiences relevant to a matter covered by this RIS) and it is in the public interest to protect that person's privacy, the personal information in that submission will not be accessible under the FOI Act.

5 Consideration of issues raised

After the period for public comment closes the Government will consider issues raised by members of the community. Further consultation may occur to address any concerns raised by the community prior to the development of a final position by the Government.

For further information please contact the RIS Coordinator, Mr Matthew Byrnes, on (07) 323 54567.

6 Introduction

The purpose of a RIS is to explain to the community the need for the proposed subordinate legislation and to set out the benefits and costs that would flow from its adoption. It also explains what alternative measures have been considered and why they have been rejected.

The human and financial benefits of early and effective rehabilitation and timely and durable return to work outcomes have long been recognised. Rehabilitation and return to work strategies are a feature of all Australian workers' compensation schemes. In considering the issue of injury management the Productivity Commission has seen the role of the Rehabilitation and Return to Work Coordinator (RRTWC) as integral to the principle of developing return to work programs that facilitate durable return to work outcomes for injured workers. The Productivity Commission's 2004 *National Workers' Compensation and Occupational Health and Safety Frameworks Report* noted that the direct savings arising from the effective return to work of an injured worker were estimated at four to eight times the workers' compensation payments, when taking into consideration the benefits to the individual, community and business.¹

Section 226 of the *Workers' Compensation and Rehabilitation Act 2003* (the Act) requires certain employers to appoint a rehabilitation and return to work coordinator (RRTWC) if the employer meets criteria prescribed in the *Workers' Compensation and Rehabilitation Regulation 2003* (the Regulation). Section 99C of the Regulation specifies that an employer meets the criteria if they employ 30 or more workers at a workplace in a high risk industry (HRI) or if the wages of the employer in Queensland for the preceding financial year were more than \$4.9 million (M).

Under the Act and Regulation a RRTWC is tasked with:

- initiating early communication with an injured worker to clarify the nature and severity of the worker's injury and to compile initial notification information;
- providing overall coordination of the worker's return to work;
- developing the suitable duties component of a rehabilitation and return to work plan; and

1 *National Workers' Compensation and Occupational Health and Safety Frameworks, Productivity Commission Report No. 27*, Productivity Commission, Canberra, March 2004, p 191.

- liaising with practitioners, the insurer and any other relevant person to facilitate favourable return to work outcomes for the injured worker.

To qualify as a RRTWC, section 99A of the Regulation requires a person to have satisfactorily completed the RRTWC course approved or conducted by the Queensland Workers' Compensation Regulatory Authority (Q-COMP).

Currently, the accreditation of the RRTWC courses, including the recertification course and Approved Training Providers (ATPs), is undertaken by Q-COMP. Q-COMP provides the syllabus for the courses, approves trainers and applications by training organisations to provide the course and conducts audits of the course content and trainers.

This RIS proposes that the accreditation of the RRTWC courses and ATPs be transitioned from Q-COMP to the vocational, education and training (VET) sector. This will involve the RRTWC courses becoming accredited courses in the VET sector with delivery occurring only through registered training organisations (RTOs). Although the value of Q-COMP's existing system for accrediting courses and ATPs is recognised, additional benefits will be achieved by moving this process to the VET sector.

The current criterion for determining which employers in HRIs must appoint a RRTWC is based on an employer's number of workers. This information is not readily available and is often unreliable. It is proposed that this criterion be changed from the number of workers to the equivalent in annual wages paid in Queensland for the preceding year. This will ensure better alignment with information collected by WorkCover Queensland (WorkCover), consistency with the criteria for other employers and provide greater clarity regarding when coordinators need to be appointed.

The RIS also proposes to mandate the current administrative requirement for the RRTWC recertification course to ensure they occur every three years. This cements the administrative requirement and highlights the importance of RRTWCs maintaining their skills and competency to deliver effective return to work programs for injured workers.

6.1 Background

The legislative requirements and standards for rehabilitation in Queensland have been subject to a number of reviews over the past five years aimed at improving return to work outcomes and ensuring that they promote

competition that is in the public interest. In August 2005 Queensland's Department of Industrial Relations released the *Report of the National Competition Policy Review of Certain Aspects of the Workers' Compensation and Rehabilitation Act 2003* (the NCP Review) which addressed the outstanding recommendations of a National Competition Policy Review conducted in 2000. One of the recommendations from the NCP Review, in relation to RRTWCs, was to transition the accreditation of RRTWC courses and ATPs from Q-COMP to the VET sector.²

This recommendation was based on the premise that transitioning the accreditation of RRTWC courses and training providers to an established national training framework will improve training and accreditation outcomes as providers will be required to meet consistent training delivery standards that comprise the Australian Quality Training Framework (AQTF). The transition was seen as enabling Q-COMP to focus more on its core business of regulating the workers' compensation scheme while reducing its involvement in the area of accreditation of ATPs and courses in favour of the VET sector's specific expertise in training and assessment. This would assist in fostering reliable and consistent standards in rehabilitation and return to work outcomes for injured workers, employers and insurers. Further, it would promote greater productivity and competitiveness as a consequence of minimising the human and financial cost of work- related injury to the economy and community in general.

6.2 Greater movement towards transition of training and accreditation to the VET sector

This recommendation of the NCP Review aligns with other recent occupational licensing initiatives. There has been a longstanding commitment to ensuring and assuring quality training outcomes in Australia. This commitment was most recently reflected in the agreement by the Council of Australian Governments in February 2006 to drive improved workforce mobility by, for example, transitioning occupational training to the VET sector. A range of other national initiatives are also currently being implemented to facilitate this transition e.g. a recent national agreement amongst occupational health and safety jurisdictions has seen the movement of the assessment of certificates to work in

2 *Report of the National Competition Policy Review of Certain Aspects of the Workers' Compensation and Rehabilitation Act 2003*, Department of Industrial Relations, Brisbane, August 2005, pp 25 to 26.

prescribed occupations from accredited providers under the *Workplace Health and Safety Act 1995* to the VET sector. Other workplace health and safety related courses e.g. to enable persons to become a Workplace Health and Safety Officer or Representative, have also been transitioned to the VET sector.

This national and state shift towards a national occupational licensing regime recognises the value and importance of a central training authority (the VET sector) regulating courses and training providers to ensure quality training outcomes.

6.3 Current legislative requirements

To facilitate workers' rehabilitation certain employers are required under section 226 of the Act to appoint a RRTWC. An employer must appoint a RRTWC if the employer meets the criteria prescribed under the Regulation. Specifically, section 99C of the Regulation sets out the criteria determining which employers must engage a coordinator. An employer is required to appoint a RRTWC if:

- they employ 30 or more workers at a workplace in a HRI; or
- wages of the employer in Queensland for the preceding financial year exceed \$4.9M.

The \$4.9M amount is indexed annually to the nearest \$1,000 to align with changes in the Queensland Ordinary Time Earnings (QOTE). QOTE are average weekly ordinary time earnings of full-time adult employees (seasonally adjusted) for the previous financial year's March quarter.

Employers required to appoint a RRTWC must ensure the RRTWC is registered. To become registered, section 99A of the Regulation requires successful completion of a RRTWC course approved or conducted by Q-COMP. The RRTWC's registration is valid for three years. To maintain registration as a RRTWC, Q-COMP requires a RRTWC to successfully complete a one-day recertification course delivered by an ATP. At present this requirement is an administrative one and not reflected in the Regulation.

6.4 Q-COMP's administrative process for accreditation of courses, training providers and trainer accreditation

Q-COMP develops and manages the administrative requirements that must be followed in order to become an accredited trainer or ATP of RRTWC courses. Under the existing scheme, Q-COMP provides the syllabus for the RRTWC courses to ATPs who in turn develop training material consistent with the syllabus guidelines. The ATPs submit course designs to Q-COMP which reviews and approves the content for an annual course maintenance fee.

Following content approval, ATPs nominate a trainer or trainers to deliver the courses. Trainers must possess Q-COMP's prescribed qualifications, skills, experience and meet Q-COMP's requirements to obtain approval. Trainers must have knowledge of and the ability to apply the Act and Regulation; be employed by a training provider; and have qualifications and experience in injury prevention and/or occupational rehabilitation.

Potential ATPs must meet specific criteria to become Q-COMP approved. These criteria are aimed at ensuring ATPs meet Q-COMP's specific requirements rather than the VET sector's comprehensive standards set for RTOs (see 6.7 below).

Following successful processing of trainer and ATP applications, Q-COMP will audit the trainer's initial presentation of the coordinator course. If the outcomes of that audit are successful trainers are registered for 12 months. If issues are identified in the audit, Q-COMP may grant provisional registration for a period of six months. At the end of the six months provisional registration, the ATP will forward a signed copy of the completed supervision plan and course evaluation forms to Q-COMP. If the ATP has addressed all areas to Q-COMP's satisfaction the trainer will be granted full registration. QCOMP then reviews registration annually. Also, the ATP is required to submit a supervision plan outlining areas for specific training and evaluation of skills and knowledge to Q-COMP. Once accredited ATPs may deliver RRTWC courses. Once an ATP has been approved it will retain this status, unless approval is removed by Q-COMP or the ATP ceases to operate.

There are currently eleven ATPs (including seven RTOs) accredited by Q-COMP to deliver the RRTWC courses. These ATPs are:

- Australasian College of Health and Safety (RTO)
- Australian Industry Group (RTO)

- Coles Myer (RTO)
- Commerce Queensland (RTO)
- National Safety Council of Australia (RTO)
- Occupational Health Services Australia (RTO)
- University of Queensland Work Service (RTO)
- Workplace Solutions
- Echelon
- Konekt
- Rehabilitation Training Queensland (distance learning only).

6.5 Recertification

Q-COMP administratively requires RRTWCs to complete a recertification course every three years to maintain registration. Failure to complete a recertification course could lead to a failure to keep up-to-date with relevant legislation and contemporary rehabilitation trends, developments and practices, resulting in poorer return to work outcomes for employers, insurers and workers.

6.6 The existing accreditation and registration regime

As the current Q-COMP accreditation regime has evolved separately from the VET sector, both systems have developed approaches to accreditation and training, with limited exchange of knowledge and expertise. Additionally, Q-COMP and stakeholders do not benefit from the quality assurances inherent in the AQTF, nor the robust auditing of training providers and courses offered in the VET sector to detect questionable RTOs. Accreditation of courses and training providers may distract Q-COMP from its core business of regulating the workers' compensation scheme. The core business of the VET sector is training and assessment.

6.7 Vocational Education and Training and the Australian Quality Training Framework

The AQTF is a core component of the Australian VET system's National Training Framework. The AQTF is a set of nationally agreed quality

assurance arrangements for training and assessment services delivered by training organisations. The key objective of the AQTF is to provide the basis for a nationally consistent, high quality VET system which supports the better delivery of training.

The AQTF sets quality standards for RTOs and state and territory course accreditation bodies. Standards for RTOs were previously developed by the Australian National Training Authority (ANTA), the Commonwealth statutory authority which provided a national focus for VET. From 1 July 2005 the responsibilities and functions of ANTA were transferred to the Commonwealth Department of Education, Science and Training.

There are currently two sets of standards under the AQTF; standards for RTOs and standards for state and territory registering/course accreditation bodies e.g. the Training and Employment Recognition Council (the Council).

The AQTF standards for RTOs consist of 12 standards which comprehensively and holistically address requirements such as training and assessment systems, compliance with legislation, financial management, administration and records management, mutual recognition, access and equity, competence of RTO staff, assessments, learning and assessment strategies, qualifications, logos and ethical marketing and advertising. An organisation wishing to become a RTO must demonstrate its ability to comply and maintain compliance with these standards.

Further, these standards must be followed by the state and territory training and recognition authorities (e.g. the Council) when:

- evaluating training organisations to ensure ongoing meeting of RTO standards;
- registering training organisations;
- accrediting courses; and
- implementing mutual recognition to ensure national effect.

These standards not only strengthen and clarify the audit process undertaken by the state and territory registering body, but also support a national approach to registration. Together the two standards ensure a nationally consistent training system of high quality.

The standards regulated by state and territory training authorities provide the basis for a national, transparent and robust system for training, accreditation of workplace rehabilitation courses and the regulation of

training providers. Potentially joint involvement of the Department of Education, Training and the Arts (DETA) and Q-COMP in the training and accreditation process will increase each agency's accountability and responsibility for improving the standard and quality of training across Queensland. This will also enhance stakeholder confidence in the robustness of the training and accreditation process by providing an assurance that Queensland's RRTWC courses and training providers meet nationally approved training and accreditation standards.

The AQTF offers a significant enhancement in the accreditation of RRTWC trainers and audit processes. Q-COMP's current accreditation benchmarks and protocols which must be met by trainers are adequate for the narrow range of activities provided. However, these standards are not as rigorous or comprehensive as those required under the AQTF, particularly with respect to systems for training, assessment and financial and administrative management practices for ATPs. Additionally, Q-COMP does not benefit from the clear training focus inherent in the AQTF regime nor the checks and balances ingrained in the VET sector to detect questionable practices.

7 Scope of proposals

7.1 Transition of accreditation of courses and training providers to the VET sector

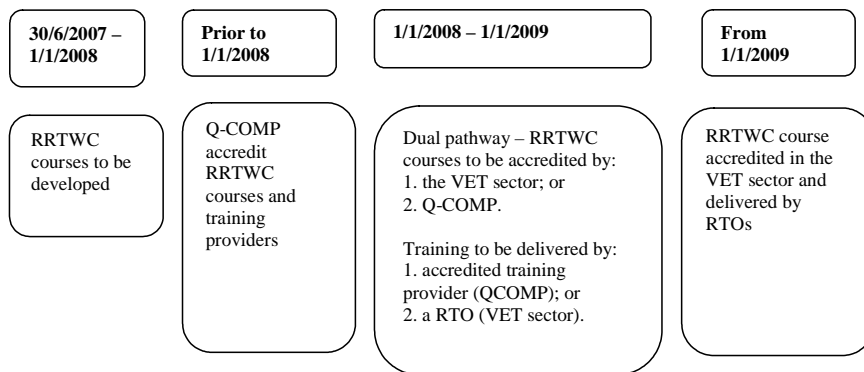
Under existing legislation, the process of accrediting RRTWC courses and training providers is undertaken by Q-COMP. This RIS proposes that the accreditation of RRTWC courses and training providers be transitioned from Q-COMP to the VET sector, which is consistent with the recommendation from the NCP Review. Q-COMP will also continue to accredit RRTWCs.

It is proposed that Q-COMP remain closely involved in the development of accredited RRTWC courses and retain ownership of the course. This will allow Q-COMP to maintain control over a number of key course requirements including:

- minimum qualifications, experience and delivery techniques of trainers and training providers; and
- modify amending course content to reflect legislative amendments or developments in rehabilitation practices.

The proposal provides six months for Q-COMP to develop the required accredited RRTWC courses. Following this process, the transition timetable will allow current and prospective training providers one year to become RTOs and transition to the VET sector. Trainers and training providers accredited by Q-COMP during this one year period will still be recognised. From 1 January 2009 training providers will need to have fully transitioned to the VET sector and all RRTWC course training providers and courses will be accredited by DETA (see Figure 1). The identified timeframe provides sufficient time for parties to become aware of and take necessary steps to implement the proposed regulation.

Figure 1. Proposed timeline for transitioning accreditation of Rehabilitation and Return to Work Coordinator (RRTWC) courses (including recertification) and training providers from Q-COMP to the VET sector.



7.2 Criteria for the appointment of RRTWCs

Section 99C (1) (a) of the Regulation sets out the current criterion for determining which employers must engage a RRTWC in HRIs. A minor regulatory amendment is proposed to change the criteria from 30 or more workers at a workplace to employers in Queensland which had wages of more than \$1.5M over the preceding financial year, indexed annually to the nearest \$1,000 to align with any variation in QOTE. Based on QOTE data from the Australian Bureau of Statistics (ABS) employers in HRIs who

employ 30 or more workers are likely to have paid at least \$1.5M in wages over the preceding financial year.

Basing the criterion for determining which employers in HRIs must appoint a RRTWC on wages rather than number of workers resolves uncertainty for employers regarding when they need to appoint a RRTWC. The number of people employed at a workplace may fluctuate, particularly if work is seasonal such as in the agricultural industry.

Also, this proposed amendment ensures greater alignment with the information collected from employers under the Queensland workers' compensation scheme. Insurers do not collect data on employers' numbers of workers to calculate workers' compensation premiums. Rather, insurers calculate workers' compensation premiums based on the amount of wages an employer expects to pay workers during the insurance period. This information forms the basis for enforcement activities.

This proposed amendment will also result in greater consistency in the criteria specified in section 99C the Regulation for appointing a coordinator. That is, rather than one criterion calculated on the number of workers in a workplace and one on wages, both criteria for appointing a coordinator will be calculated on an employer's wages base for the previous financial year. Use of a methodology that is consistent with respect to HRIs or otherwise will result in a more uniform approach overall.

7.3 Recertification

Under the existing scheme, registration as a RRTWC is granted by Q-COMP for three years. Prior to the end of the third year, Q-COMP administratively requires the RRTWC to successfully complete a one day recertification course to maintain registration. It is proposed that this administrative standard for recertification be mandated in the Regulation. This will serve to strengthen and clarify the current standards that must be met to maintain registration.

8 Authorising law

Section 584 of the Act provides the head of power for making regulations. Specifically the authorising law:

- to amend the criteria requiring an employer to appoint a RRTWC is section 226(1) of the Act which provides that an employer must appoint a RRTWC if they meet the criteria specified under the Regulation; and
- for transitioning the accreditation of courses and training providers to the VET sector is section 41(a) of the Act which provides that a person is a RRTWC if they have met the criteria for becoming a coordinator prescribed under the Regulation.

9 Policy objectives

The overarching policy objective of the proposal is to improve rehabilitation and return to work outcomes for injured workers, employers and insurers thereby contributing to a reduction in lost productivity and improving the emotional and psychological well-being of injured workers. In particular, the proposal seeks to achieve this by:

- giving effect to the NCP Review recommendations through:
 - delivering a national, transparent and robust quality training and accreditation regime for RRTWC courses and training providers;
 - facilitating future movements aimed at aligning training and assessment for occupations to the VET sector;
 - aligning with the national and Queensland Government's commitment to improve occupational training and assessment; and
 - enhancing DETA's and Q-COMP's mutual responsibility and accountability for achieving quality RRTWC training and accreditation outcomes;
- providing greater clarity to employers regarding when they need to appoint a RRTWC;
- ensuring greater alignment with the information currently collected from employers by the workers' compensation scheme; and
- strengthening the requirements for registration as a RRTWC by mandating recertification of RRTWCs every three years.

10 Legislative intent

The key legislative intention of the proposed amendments to the Regulation is to implement the NCP recommendations by transferring accreditation of RRTWC courses and training providers to the VET sector. Amendment of the subordinate legislation is reasonable and appropriate as it is the most effective means of achieving the related policy objectives.

Similarly, amendment of the Regulation will be necessary to change the current criterion for appointment of a RRTWC for employers in HRIs. The proposal removes ambiguities regarding which employers must appoint a RRTWC and will ensure injured workers have consistent access to the services of a RRTWC.

The third proposal to mandate the requirement for RRTWCs to undertake a recertification course every three years can only be achieved by amendment of the Regulation. The current administrative arrangement will be enhanced as a result of this change.

11 Consistency with the authorising legislation

The proposed subordinate legislation is consistent with the authorising law. Section 5 (4) (d) of the Act states that the Queensland's workers' compensation scheme should provide for employers and injured workers to participate in effective return to work programs. The proposed amendments to the Regulation are consistent with the Act.

12 Consistency with other legislation

The proposed amendments to the Regulation are not inconsistent with any Queensland legislation.

13 Fundamental legislative principles

Section 4 of the Legislative Standards Act 1992 outlines the fundamental legislative principles and requires that legislation have sufficient regard to the rights and liberties of individuals and the institution of Parliament. The changes to the Regulation proposed in the RIS have been made with regard to the fundamental legislative principles and are consistent with them.

14 Options and alternatives

The following three options have been considered for achieving the desired policy objectives:

| | |
|---------------------------------|---|
| Option 1 | No intervention – maintain the status quo. |
| Option 2 | No regulation to support the accreditation of RRTWC courses and training providers. |
| Option 3 (Preferred) | Amend the regulation to: <ul style="list-style-type: none"> • transition the accreditation of RRTWC courses and training providers to the VET sector; • change the criteria for determining which employers in HRIs must appoint a RRTWC; and • mandate RRTWC recertification course training every three years. |

Each of these options is discussed below in terms of their costs and benefits taking into consideration the Public Benefit Test which has been conducted in conjunction with the RIS (see Appendix 1).

15 Cost benefit analysis

15.1 Option 1: Maintaining the status quo

Under this option Q-COMP would retain responsibility for the development of the written syllabus, which is given to ATPs as the guide from which their training material must be designed. The ATP is required to submit training materials to Q-COMP for approval prior to presenting it to participants and nominating a trainer who will deliver the course. Q-COMP would continue to have responsibility for the accreditation of RRTWC courses, including recertification courses and ATPs. To become a RRTWC a person needs to complete a RRTWC course which has been approved by Q-COMP. In Queensland there are currently eleven ATPs approved by Q-COMP who deliver the course at an average cost of \$553 and an initial Q-COMP registration cost of \$39.

To maintain registration Q-COMP administratively requires a RRTWC to attend a one day recertification course every three years.

Employers in HRIs with 30 more workers are currently required to appoint a RRTWC. For enforcement activity purposes Q-COMP estimates an employer's number of workers from the annual payroll amount on each compensation insurance policy.

Costs and benefits of Option 1

There would be some value in continuing the present system under which Q-COMP provides the syllabus for the courses, approves applications by training organisations to provide a course, conducts audits and approves the individual trainers that deliver the course. However, as outlined above, greater benefits will arise from transition of this process to the VET sector.

The advantage of Option 1 is that it imposes no additional financial, administrative or other costs. ATPs continue to pay an initial \$935 (GST inclusive) for the course design application fee and the annual course maintenance fee of \$330 (GST inclusive). New RRTWCs continue to attend an initial three day course (average cost \$553) and pay the Q-COMP registration fee of \$39. Also, existing RRTWCs continue to attend a three yearly recertification course, (average cost \$310) and pay a re-registration fee of \$39 (GST inclusive).

From a competition point of view, the current costs imposed on ATPs represent a barrier to entry in the marketplace. Maintaining the status quo will not change this barrier.

The disadvantages of Option 1 are that it fails to meet the policy objectives of the RIS and does not address the limitations of the existing accreditation regime, as stated above. In addition, with respect to HRI, there is an enforcement risk under the current legislation because of the inability of Q-COMP to precisely determine HRI employers with 30 workers or more. There are some benefits in relation to maintaining the status quo. There would be no variation from current practices and therefore the necessary adjustment that would be required in adapting to the new methodology of defining those HRI employers that need to appoint a RRTWC will not be required. However for the cogent reasons outlined above there would be considerable benefits in adopting the new methodology.

Similarly, under Option 1 it could be argued that there are advantages in maintaining the status quo by keeping the requirement for RRTWCs to attend a recertification course every three years administrative rather than mandating it. However, if not mandated it lacks the legislative authority. Mandating by regulation will represent an enhancement of the existing

administrative requirement. For these reasons Option 1 is not the preferred option.

15.2 Option 2: No regulation to support the accreditation of RRTWC courses and training providers

Under this option Q-COMP would not be responsible for the development of the RRTWC course or accreditation of training providers. Training providers would be able to develop and change their own RRTWC training courses. Under this option there would be no regulation to support the appointment of RRTWCs.

Costs and benefits of Option 2

Without regulation to support the appointment of RRTWCs, employers will not face the costs associated with having a RRTWC and the Queensland Government would have less enforcement costs. The disadvantages of not having RRTWCs include the increased risks to the economy and society of occupational injury due to the lack of standards for course content and delivery, and reduced employment opportunities for RRTWCs.

Option 2 allows training providers the flexibility to develop their own training courses. In addition, there would be no barriers to entry in the training provider market and this may result in a more competitive training environment.

A disadvantage of this option is that there would be no minimum standards for the development of RRTWC courses or for training providers delivering the course. Training requirements and outcomes would be inconsistent across training providers and Q-COMP would lose influence over the course content. Under this option the proposal to change the criteria for assessing whether employers in HRIs need to appoint a RRTWC would not be achieved.

Also, without the ability for Q-COMP to enforce the completion of a RRTWC recertification course every three years, there is a risk that RRTWCs skills and knowledge may become outdated and contribute to less effective return-to-work outcomes. As outline above there are a number of policy reasons as to why mandating the recertification course is a positive measure necessary to ensuring the ongoing effectiveness of RRTWCs. The benefits of mandating this requirement outweigh the costs.

Due to the important role of RRTWCs in returning injured workers to work, it is crucial that there are quality controls surrounding their training

and the manner in which the training is delivered. This option fails to meet the policy objectives of the RIS such as improving RRTWC training and enhancing return to work outcomes for injured workers. As a consequence Option 2 is not preferred.

15.3 Option 3: Amendment of the Regulation to transition the accreditation of RRTWC courses and training providers to the VET sector (preferred)

This option proposes the transition of RRTWC courses and training providers to the VET sector, where courses will be delivered through RTOs instead of Q-COMP accredited ATPs. Under this option the initial and recertification courses will be accredited in the VET sector, with Q-COMP maintaining responsibility for course development, in conjunction with DETA.

The VET sector will be involved in three areas (see Figure 2 below):

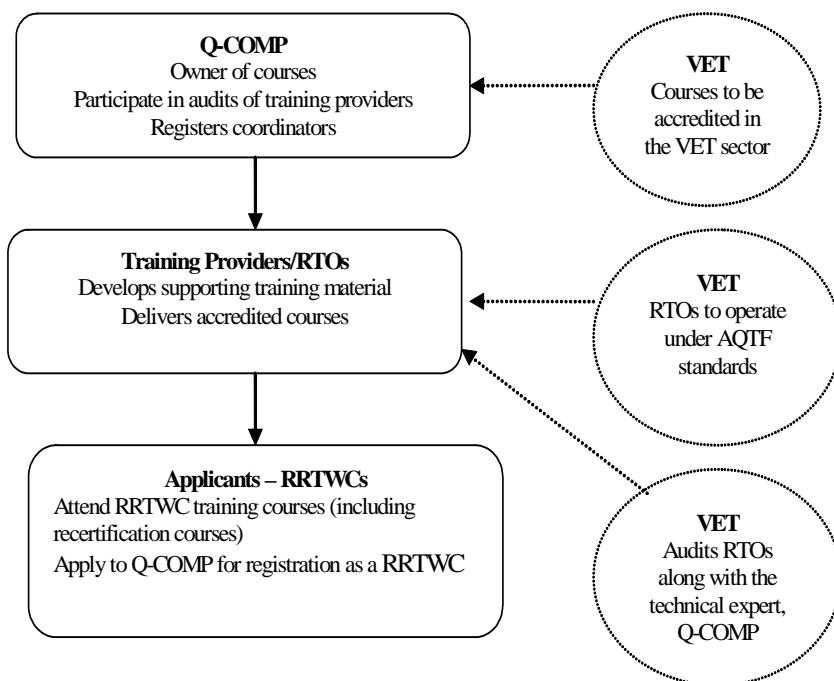
- RRTWC courses and recertification courses - these courses will be accredited, meaning that Q-COMP will need to develop the training courses in accordance with VET and AQTF standards;
- Training Providers - as only RTOs are allowed to deliver AQTF accredited courses, existing and future training providers (which are non-RTOs) will need to register as a RTO or partner with a RTO and operate within the AQTF; and
- Auditing - audits will be carried out by DETA along with technical support from Q-COMP. As DETA has greater expertise in training delivery and assessment, the DETA focus will be more on RTO operations while Q-COMP will provide technical support and advice in terms of content.

This will result in improved courses and course delivery through the AQTF and greater emphasis would be placed on course delivery and improvement of training quality standards.

The proposal introduces one additional legislative requirement on industry with respect to recertification training. Q-COMP's requirement for RRTWCs to complete recertification training every three years is currently not mandated. It is proposed that this administrative requirement be mandated in the Regulation to facilitate enforcement with this standard.

Option 3 proposes to change the wording and not the effect of the requirement to appoint RRTWCs. Instead of basing the requirement on the employment of 30 workers or more, an employer will need to appoint a RRTWC if annual payroll in the preceding financial year is \$1.5M or more.

Figure 2. VET and Q-COMP's involvement in the accreditation of the Rehabilitation and Return to Work Coordinator (RRTWC) courses and training providers



Costs and benefits of option 3

Training Providers

Currently, of the eleven Q-COMP ATPs, seven are RTOs. New and non-RTO training providers can move into the VET sector either by becoming a RTO or partnering with a RTO. Of the two pathways, becoming a RTO is the most costly option.

- *Non-RTOs/New training providers*

To deliver the accredited course, non-RTO training providers will need to register to become a RTO. The costs associated with applying for registration as a training organisation are:

- \$1,235 initial registration fee - five year term; and
- \$515 annual registration fee - five year term.

Training providers that are not currently RTOs will need to develop systems compliant with AQTF standards to deliver the accredited courses. The costs associated with this process will vary depending on the current operational systems of the training provider e.g. some non-RTOs may need to develop new systems that meet the AQTF's financial and administrative management standards. The AQTF compliant system may be developed by either a consultant or by the training provider. Engaging a consultant to undertake these activities will cost approximately \$4,000 (GST inclusive), provided they have existing learner resources and assessment systems.³ Alternatively, the training provider may opt to develop the AQTF systems internally, absorbing these costs in their operational budget.

An alternative to becoming a RTO is to enter a partnership arrangement with an existing RTO. In this scenario, a mutually beneficial business agreement is made between the parties to share resources, time, effort, costs and expertise. However, the RTO retains responsibility for quality assuring the assessments conducted on the non-RTO's behalf, issuing the statement of attainment and ensuring the training provider complies with the AQTF. The benefit of partnering a RTO is that training providers do not incur registration costs, given that the other training provider is established as a RTO. It is difficult to estimate the costs for training providers partnering with RTOs as business agreements differ widely. However, the costs are expected to be significantly less than becoming a RTO.

Overall the costs to non-RTOs and potential training providers will increase the already existing barriers to entry in the market. However, this risk to competition will be minimised by the ability of potential training providers to partner with existing RTOs and reduce entry costs (as described above) and the fact that the market of potential training providers

3 This figure is consistent with the estimate included at page 24 of the RIS titled *Proposed Regulation Amendment for the Assessment of Authority to Work Certificates for Prescribed Occupations within the Vocational Education and Training System*, Department of Industrial Relations, Brisbane, June 2005.

already includes RTOs. In addition, since 2002, the proportion of non-RTO to RTO ATPs has decreased, with the actual number of non-RTOs decreasing from eight to the current four. This trend further minimises the risk to competition.

Under this option there is a possibility that some training providers may leave the industry. This represents both costs and opportunities to the industry. One of the costs could be the potential loss of valuable and qualified training providers who decide to exit the industry. If some training providers remain unemployed there may be a cost to the economy and society. As it is difficult to predict how many will leave the industry, it is hard to quantify these costs. However, one of the benefits of this option is that the pool of training providers that decide to become RTOs will be required to meet the same industry training and assessment standards. This will contribute to stronger service delivery by training providers and coordinators. Becoming a RTO may also provide a platform for non-RTOs to expand their delivery of industry training beyond Q-COMP accredited courses.

Table 1 compares the current costs to training providers (Option 1) with this option. Overall, the cost to an existing non-RTO training provider to become a RTO is estimated at \$7,807 (Net Present Value (NPV) \$7,549) for five years, compared to \$1,650 (NPV \$1,485) to remain a Q-COMP accredited provider. Therefore, the additional cost of this option compared to the status quo is \$6,157 (NPV \$6,065). The cost for a new training provider to become a RTO is also estimated at \$7,807 (NPV \$7,549) for five years, compared to \$2,585 (NPV \$2,420) over 5 years to become a Q-COMP accredited provider. The additional cost of this option compared to the status quo for new training providers is \$5,222 (NPV \$5,129).

Although the cost is higher for new and existing training providers compared with the current system (Option 1 - status quo), this option presents these training providers with the opportunity to deliver other VET accredited courses and training package qualifications. This option also facilitates future movements aimed at aligning training and assessment in the recognised mainstream training framework.

Table 1. Option 1 and Option 3* - Comparison of Costs to Training Providers (5 years)

| Stakeholder | Option 1 – Status Quo | Option 3 – Preferred Option |
|---------------------------------------|--|--|
| Current training providers (non-RTOs) | - \$330 (includes GST) Annual Maintenance Fee Total \$1,650 (NPV \$1,485) over 5 years | <i>Becoming a RTO</i> - \$1,235 registration fee - \$515 annual fee (\$2,575 over 5 yrs) <i>AQTF compliance development</i> - \$4,000 to develop policies, procedures and systems compliant with the AQTF Total \$7,807 (NPV \$7,549) over 5 years |
| Existing RTOs | - \$330 (includes GST) Annual Maintenance Fee Total \$1,650 (NPV \$1,485) over 5 years | - \$103 additional course fee Total \$103 (NPV \$103) over 5 years |
| New training providers | - \$935 Course Design Fee (includes GST) - \$330 (includes GST) Annual Maintenance Total \$2,585 (NPV \$2,420) over 5 years | See above Total \$7,807 (NPV \$7,549) over 5 years |

* Costs do not attract Goods and Services Tax (GST) except where stated.

- *Existing RTOs*

Existing RTOs will not incur costs of registering to become a RTO. Once Q-COMP accredits the course, these RTOs will simply need to add or amend their scope of registration (a one time cost of \$103) to deliver the course. That is, these RTOs will only need to pay \$103 for amending their scope of registration to include the RRTWC course, instead of paying Q-COMP's annual course maintenance fee of \$330 (GST inclusive). Hence, over a five year period, the cost savings to existing providers with RTO status is estimated at \$1,547 (NPV \$1,382) compared with the status quo.

Applicants – Potential RRTWCs

The fees for the RRTWC courses vary based on which course and whether the applicant is affiliated with the training provider or not, and the extras included e.g. legislation, meals etc. (see Table 2). For the seven training providers with RTO status, the fees are unlikely to increase given they will no longer be paying accreditation fees to Q-COMP. There is a potential for the four training providers who are currently non-RTOs to pass on additional up-front costs that arise under Option 3. However, as course fees charged by RTOs are largely market driven, it is likely that fees will not be increased.

Table 2. Accredited Training Providers' Fees for RRTWC Courses

| Organisation | RRTWC Course | | Recertification Course | |
|---|--------------|------------|------------------------|------------|
| | Member | Non-member | Member | Non-member |
| Australasian College of Health and Safety (RTO) | \$480 | \$480 | \$250 | \$250 |
| Australia Industry Group (RTO) | \$680 | \$869 | \$320 | \$365 |
| Coles Myer (RTO) | | n/a* | | n/a* |
| Commerce Queensland (RTO) | \$520 | \$570 | \$443 | \$400 |
| National Safety Council of Australia (RTO) | \$480 | \$530 | \$230 | \$250 |
| Occupational Health Services Australia (RTO) | \$510 | \$510 | \$260 | \$260 |
| University of Queensland Work Service (RTO) | \$220 | \$425 | | n/a* |
| Workplace Solutions | \$550 | \$550 | \$265 | \$265 |
| Echelon | \$570 | \$570 | \$320 | \$320 |
| Konekt | \$595 | \$595 | \$325 | \$325 |
| Rehabilitation Training Queensland | \$430 | \$430 | \$310 | \$310 |

*Coles Myer provides training for own employees only; the University of Queensland does not provide a recertification course.

Regulator/Government

Option 3 proposes that Q-COMP remain responsible for the development of the RRTWC courses and continue to be involved in the auditing of course content. However, the courses will need to be accredited in the VET sector.

- **Course Design/Development**

A syllabus for the RRTWC courses has been developed by Q-COMP. However, amendments and revisions may need to be made to gain VET sector accreditation. The cost and time of getting the courses accredited is expected to be met through Q-COMP's operational budget. The development process of accrediting the three-day RRTWC course is expected to be six months in duration, which includes amending the syllabus and obtaining course accreditation through DETA. Accrediting the RRTWC course in the VET sector is estimated at \$33,313 (based on six months work by an A06 officer).

The development process of accrediting the one-day recertification course is expected to be two months in duration, which includes amending the syllabus and the process for obtaining course accreditation through DETA. Accrediting the RRTWC recertification course in the VET sector is estimated at \$11,104 (based on two months work of one A06 officer).

- **Accreditation Fees**

The costs of accrediting each of the two courses in the VET sector are:

- application to accredit a course leading to a statement of attainment: \$617 (initial cost);
- application to renew accreditation of a course: \$154 (five year term); and
- application to amend accreditation of a course: \$309 (for example, when amendments are required to the course due to legislative changes).

The costs of accreditation fees can be met from Q-COMP's operational budget.

- **Loss of Annual Course Maintenance Income**

Currently, Q-COMP receives a total of \$3,300 per annum in course maintenance fees from the eleven ATPs in respect of both initial and recertification courses. This income will no longer be received by Q-COMP.

- Reduction in Regulatory Burden as a Result of Fewer Audits

Q-COMP currently conducts annual audits of each training provider. Under Option 3, audits will be conducted by DETA along with a representative from Q-COMP. These audits will be carried out every five years unless a problem or issue with the RTO prompts an earlier audit. This reduces the regulatory burden for successful training providers and allows Q-COMP to reallocate resources to its core business of regulating the workers' compensation scheme. The average estimated cost saving for accredited providers will be \$6,661 per year or \$33,305 (NPV \$30,756) over five years (based on an AO6 conducting a two day auditing process for each audit).

Employers

The proposal to change the criterion for determining which employers in HRIs must appoint a RRTWC from a number of workers method to a wages amount is not expected to yield any variation in the overall numbers of employers in HRIs required to have a RRTWC, although the actual policy holders required to engage a RRTWC may change marginally.

The actual employers who will be required to comply may vary i.e. some HRI employers that currently have 30 or more workers but have a wages bill of less than \$1.5M will no longer be required to appoint a RRTWC and some with less than 30 workers but whose wages for the preceding financial year exceeds \$1.5M will need to. The costs for each employer that needs to appoint a coordinator as a result of this change will include:

- three day course fees (approximately \$553); and
- lost production/wages of employee based on QOTE (approximately \$582).

QCOMP/WorkCover data as at 1 January 2006 indicates that 2,025 employers in HRIs have 30 or more workers and are therefore required to appoint a RRTWC. This same data indicates that the number of businesses with an annual wages bill of \$1.5M or greater captures the same number of employers as that with 30 or more workers. Q-COMP already uses payroll amounts to identify HRI workplaces with 30 or more workers as there is no collection of actual numbers of workers in insurance policy documentation

i.e. the current criterion is ineffective; moving to the \$1.5M payroll criterion will simplify and make consistent the approach to identifying cases where a HRI employer should have a RRTWC. Therefore the net effect of the proposal is expected to be zero.

The results of a sensitivity analysis/test demonstrates that by lowering the \$1.5M threshold to \$1.4M, \$1.4M to \$1.2M and from \$1.2M to \$1.0M, there is less than a 1% increase in each instance to the numbers of HRI policy holders captured (of which there are 71,114 in total). Lowering the threshold from \$1.5M to \$1.4M captures 114 extra policy holders, from \$1.4M to \$1.2M an extra 376 and from \$1.2M to \$1.0M an extra 496. In conclusion, there is little risk of significant change to the overall numbers of policy holders not requiring a RRTWC due to the introduction of the proposed criterion change.

Summary

The overall cost of Option 3 to key stakeholders is expected to be \$42,646 (NPV \$44,328). The NPV costs are greater than the nominal costs. This is because a majority of the costs are incurred in the first year where no discounting occurs. In comparison, benefits are evenly distributed across the five years and therefore attract larger discounting than the costs.

This option meets the policy objectives of the RIS, including improving the delivery of the RRTWC course through the AQTF. It delivers a national, transparent and robust quality training and accreditation regime for RRTWC courses and training providers and is consistent with the national and State Government's commitment to improve occupational training and assessment. This option also allows Q-COMP to manage and retain control over RRTWC course development while registration of training providers is managed by the VET sector. This option gives effect to the outcomes of the NCP Review. As a consequence of the reduced regulatory burden under Option 3 there is a financial benefit for accredited providers with existing RTO status.

The proposal to change the criterion for determining which employers in HRIs must appoint a RRTWC from a number of workers method to a wages amount will not impose any additional burden on industry, given that the number of businesses that will be captured as a result of this proposed amendment is not expected to significantly change.

A detailed cost/benefit analysis for this proposed amendment is not required given the effective nil cost involved.

16 Conclusion

Option 3 is the preferred option. The proposed amendments to the Regulation are the most appropriate and effective means of achieving the policy objectives that underpin the RIS.

Implementation of the proposed amendments will see those objectives met through the delivery of a national, transparent and robust quality training and accreditation regime for RRTWC courses and training providers. Courses will be accredited through the VET sector and training will be delivered by RTOs operating in accordance with the AQTF. This transition will contribute to better qualified RRTWCs and ultimately assist in enhancing return to work outcomes for insurers, employers and injured workers.

The proposed amendments will also provide clarity to employers regarding the criteria for the appointment of RRTWCs. Greater consistency in the criteria for identifying those employers that need to appoint a RRTWC will be assured by establishing a consistent approach across industries, high risk or otherwise.

Mandating the requirement to attend a recertification course will ensure that RRTWCs improve their knowledge and rehabilitation practices through keeping up-to-date with developments, information and new legislative requirements, thereby contributing to the best possible return to work and rehabilitation outcomes for injured Queensland workers.

Importantly, Q-COMP will remain a key participant involved in the processes of course development and the auditing of course content. The value of the existing accreditation regime developed and managed by Q-COMP is recognised. In addition, Q-COMP will retain responsibility for the registration of RRTWCs under the Regulation. The proposed amendments will enable Q-COMP to devote more of its resources to its core function of regulation of the Queensland Workers' Compensation Scheme following reduction of its involvement in RRTWC training provider and course accreditation.

Appendix 1 Public Benefit Test

Workers' Compensation and Rehabilitation Act 2003

Transitioning Accreditation of the Rehabilitation and Return to Work Coordinator Course and Training Providers to the Vocational Education and Training Sector, Changing the Criteria for Appointment of Coordinators and Mandating Recertification.

1.1 Analysis of other issues which significantly affect the review

The legislative requirements and standards for rehabilitation in Queensland have been subject to a number of reviews over the past five years in an effort to improve return to work outcomes and promote competition that is in the public interest. In August 2005 the Department of Industrial Relations released the *Report of the National Competition Policy Review of Certain Aspects of the Workers' Compensation and Rehabilitation Act 2003* (the NCP Review) which addressed outstanding recommendations of a National Competition Policy Review conducted in 2000. One of the recommendations of the NCP Review was to transition the accreditation of Rehabilitation and Return to Work Coordinator (RRTWC) courses and training providers from the Queensland Workers' Compensation Regulatory Authority (Q-COMP) to the Vocational Education and Training (VET) sector.

This recommendation was based on the premise that transitioning the accreditation of RRTWC courses and training providers to the national VET training framework will improve training and accreditation outcomes as providers will be required to meet the consistent training delivery standards that comprise the Australian Quality Training Framework (AQTF). The transition will also assist Q-COMP to focus on its core business of regulating the workers' compensation scheme, thereby reducing its involvement in accreditation of training in favour of the VET sector's expertise in training and assessment. This will engender reliability and consistency in workplace rehabilitation standards and return to work outcomes for injured workers, employers and insurers. It will also promote greater productivity and competitiveness through minimising the human and financial cost of work-related injury to the community.

The regulatory arrangements in other States have been considered as part of the PBT processes. This indicated an overall lack of conformity between the various arrangements and strengthened the rationale for the underlying policy objective of transition of accreditation matters to the nationally endorsed and consistent VET sector.

1.2 Analysis of the current full restrictive state

Q-COMP currently accredits training providers to deliver the *Course in Workplace Rehabilitation Coordinator Training* (the RRTWC course). Successful completion of the course allows participants to be legally recognised by Q-COMP as qualified RRTWCs under the *Workers' Compensation and Rehabilitation Regulation 2003* (the Regulation). Q-COMP provides the course syllabus, approves applications by training organisations to provide the course, conducts audits and approves the individual trainers that deliver the course.

Section 226 of the *Workers' Compensation and Rehabilitation Act 2003* (the Act) specifies the criteria for the mandatory appointment of RRTWCs. Employers must engage a RRTWC if:

- they employ 30 or more workers (including permanent, part-time, or casuals) at a workplace in a high risk industry (HRI); or
- their wages in Queensland for the preceding financial year were more than \$4.9 million (M).

1.3 Full analysis of alternative arrangements (changed state)

The proposed changes seek to move accreditation of the RRTWC course and training providers to the VET sector. Training providers will need to become Registered Training Organisations (RTOs) within the VET sector and make the necessary changes to meet the standards and requirements of the AQTF in course delivery.

The second proposal seeks to alter the wording and not the effect of the criteria for HRI employers to engage a RRTWC. The criterion will change from employers with 30 or more workers at a HRI workplace to employers with a payroll amount of \$1.5M for the previous financial year (reference to "at a workplace" will be removed). This payroll amount is based on the Queensland Ordinary Times Earnings (QOTE) as at March 2006, multiplied by 30 workers. Currently Q-COMP estimates the number of

employees of insurance policy holders from payroll amounts. The proposed change recognises this process.

The third proposal is a minor one that mandates the current administrative requirement that RRTWCs complete a one-day recertification course every three years.

1.4 Identification of all impacts on stakeholders of moving from the restrictive to less-restrictive state

1.4.1.1 Option 1 (proposal 1): Maintaining status quo – Accreditation remains with Q-COMP

Advantages:

no impact on stakeholders

Disadvantages:

- less consistency in RRTWC skills
- access to RRTWC training is generally restricted to major centres on the eastern seaboard of Queensland where the current providers operate
- increased training costs for employers in outback regions of Queensland
- increased risks to the economy and society of occupational injury
- delays in course provision in outback regions

1.4.1.2 Option 1 (proposal 2): Maintaining status quo – Requirement for RRTWC remains based on 30 workers

Advantages:

no impact on stakeholders

Disadvantages:

- risk to enforcement of current legislation because of the inability to precisely determine employers with 30 workers or more
- numbers of workers can vary from day to day making the necessity for appointing a RRTWC uncertain
- additional risks to the economy and society of occupational injury

1.4.1.3 Option 1 (proposal 3): Maintaining status quo – No Mandatory Recertification every three years

Advantages:

no impact on stakeholders

Disadvantages:

- no economic incentive for RRTWCs to update their skills
- skills of RRTWCs becoming outdated and less effective
- additional risks to the economy and society of occupational injury

1.4.2.1 Option 2 (proposal 1): No regulation to support the accreditation of RRTWC courses and training providers

Advantages:

no barriers to entry in the market which would create a more competitive market

Disadvantages:

- inconsistent and potentially poor return to work outcomes for injured workers
- greater social and economic costs from workplace injury and disease
- the eleven existing approved training providers (ATPs) would suffer a loss of profits and market share as a result of increased competition
- inconsistency and potentially poorer standards of rehabilitation training

1.4.2.2 Option 2 (proposal 2): No regulation to support the requirements for appointing a RRTWC

Advantages:

- reduced costs for employers
- reduced enforcement costs to government

Disadvantages:

- significant additional risks to the economy and society arising from occupational injury
- reduced employment

1.4.2.3 Option 2 (proposal 3) No regulation to support recertification every three years

Advantages:

- no additional barriers to entry in the market may create a more competitive market

Disadvantages:

- no economic incentive for RRTWCs to update their skills
- skills of RRTWCs become outdated and less effective
- additional risk to the economy and society of occupational injury

1.4.3.1 Option 3 (proposal 1): Amendment of the Regulation to transition the accreditation of RRTWC courses and training providers to the VET sector (preferred option)

Advantages:

- more consistent skills amongst RRTWCs as RTOs must meet AQTF standards
- RRTWCs will have potentially more valuable VET sector accredited qualifications
- greater skills outcomes as a result of more effective training delivery systems and standards based on the VET sector's expertise in the effective delivery of training
- better return to work outcomes for injured workers - research has proven that RRTWCs reduce average duration of workers' compensation claims and return-to-work outcomes
- improving the effectiveness of RRTWCs is expected to reduce the impact of costs of workplace injury leading to a stronger Queensland economy
- once training providers have gained RTO status they have the opportunity of delivering other VET courses for a relatively small cost
- potential increased VET sector competition will lead to efficiency gains for the economy
- significant savings will be made by current ATPs that already have RTO status in the VET sector - this includes the majority of current ATPs

- potentially greater accessibility to training as RTOs that are not currently ATPs will have barriers to entry mostly removed
- increased competition through the removal of barriers to entry for existing RTOs
- potentially less training costs for employers

Disadvantages:

- greater barriers to entry for non-RTOs
- significant costs for the minority four existing ATPs that do not have RTO status

1.4.3.2 Option 3 (proposal 2): Amendment of the criterion for employers in HRI to appoint a RRTWC from 30 or more workers to an annual payroll amount of \$1.5M (preferred)

Advantages:

- clarity around the legislation to increase enforceability
- consistency between requirements and practice
- the net cost effect on all stakeholders is estimated to be nil
- stability in requirements of appointment of a RRTWC as the necessity of appointing a RRTWC will not fluctuate with employee numbers

Disadvantages:

- some employers may incur costs because they will be required to appoint a RRTWC

1.4.3.3 Option 3 (proposal 3): Amendment of the regulation to mandate recertification every three years (preferred)

Advantages:

- RRTWCs will have up-to-date and relevant skills
- better expected rehabilitation and return-to-work outcomes
- decreased economic and social risk of occupational injury

Disadvantages:

- potentially additional training costs for employers
- potentially additional course development and registration costs

1.5 Net Impact Assessment of Preferred Option

1.5.1 Tabular Summary

| Impact Classification | Size of Impact | Direction of Impact | Description of Stakeholders Affected |
|---|--------------------------------------|---------------------|---|
| <i>Income Transfers</i> | | | |
| <i>1. Moving accreditation of RRTWC training to the VET sector</i> | | | |
| Q-COMP will lose course maintenance fees, have additional costs of accrediting the course in the VET sector but fewer audit costs. | Medium (approx. \$29,000 over 5 yrs) | Negative | Q-COMP |
| The VET sector will collect revenue from Q-COMP, current RTOs amending the scope of their training and potential RTOs in registration costs. | Medium (\$17,195) | Positive | Queensland Department of Education, Training and the Arts |
| Existing ATPs with RTO status will have reduced costs. | Small (\$10,830 over 5 yrs) | Positive | Seven ATPs |
| Existing ATPs without RTO status (non-RTOs) will have increased costs. | Medium (\$24,629 over 5 yrs) | Negative | Four ATPs |
| <i>2. Alteration of HRI employer 30 worker criterion for RRTWC to \$1.5M annual payroll</i> | | | |
| Some HRI employers may incur costs because of need to appoint a RRTWC. These additional costs are expected to be offset by savings (see below). | Medium | Negative | HRI employers around the margins |
| Some HRI employers may no longer be required to appoint a RRTWC. | Medium | Positive | HRI employers around the margins |

| <i>3. Mandating the three yearly recertification course</i> | | | |
|--|--|----------|--|
| Employers required to have a RRTWC will have additional training expenses. | Medium (average recertification course cost of \$310) | Negative | Currently approx. 2,647 employers obliged by law to have a RRTWC |
| Q-COMP will incur costs associated with developing and registering an accredited recertification course with the VET sector. | Small (\$11,104) | Negative | Q-COMP |
| Increased and ongoing demand for the VET sector approved recertification course. | Medium | Positive | Currently approx. 2,647 employers obliged by law to have a RRTWC |
| <i>Efficiency Gains</i> | | | |
| <i>1. Moving accreditation of RRTWC training to the VET sector</i> | | | |
| Better return-to-work outcomes for workers' compensation claimants. | Large | Positive | The estimated cost of workplace injury and disease for the Queensland economy was \$4.7 billion in 2002/03 |
| Increased consumer utility because of the improvement in market knowledge. | Small | Positive | Currently approx. 2,647 employers obliged by law to have a RRTWC |
| Better accessibility to RRTWC training in non-coastal regions. | Medium | Positive | HRI employers |

| | | | |
|--|---------|----------|--|
| Gaining RTO status enables training providers to deliver other courses in the VET sector for a nominal fee. | Medium | Positive | Four current non-RTO ATPs and other potential training providers |
| Current RTOs who are not ATPs will be able to deliver RRTWC training for a nominal fee. They will face significantly lower barriers to entry. This will increase competition. | Large | Positive | RTOs |
| <i>2. Alteration of HRI employer 30 worker criterion for RRTWC to \$1.5M annual payroll</i> | | | |
| Clarity in the Regulation may prevent possible legal action against the government. | Unknown | Positive | HRI employers around the margins |
| Government will be able to ensure better compliance with the requirement for some HRI employers to appoint a RRTWC. Improved management of workplace injuries leading to increased productivity. | Large | Positive | HRI employers around the margins |
| <i>3. Introduction of a three yearly recertification course</i> | | | |
| Potentially more RTOs entering the RRTWC training market increasing competition. | Unknown | Positive | RTOs |
| Better return-to-work outcomes. Any efficiency gains by RRTWCs will have a significant impact on the economic and social costs of occupational injury in Queensland. | Medium | Positive | The Queensland economy |

| <i>Efficiency Losses</i> | | | |
|---|--------|----------|---------------------------------------|
| <i>1. Moving accreditation of RRTWC training to the VET sector</i> | | | |
| Future training providers without RTO status will have higher entry barriers to the market. | Medium | Negative | Unknown number of potential providers |
| <i>2. Alteration of HRI employer 30 worker criterion for RRTWC to \$1.5M annual payroll</i> | | | |
| <i>3. Introduction of a three yearly recertification course</i> | | | |
| Some employers potentially leaving their respective industries decreasing competition. This is unlikely due to the size of the increased costs relative to the size of employer payrolls. Also, the employers are spread over many industries and given that the costs are relatively small this scenario is unlikely. | Small | Negative | Unknown |
| <i>Net Impact Summary</i> | | | |
| Practical limitations have prevented a full quantitative analysis. The exact net impact of the proposals therefore remains unknown. However, as the number and estimated size of the efficiency gains are much greater than the efficiency losses, <i>it is expected that the proposed regulatory changes will yield a net positive impact.</i> | | | |

1.5.2 Risk Assessment

Workplace injury and disease is a serious economic risk and was estimated to have cost the Queensland economy \$4.7 billion in 2002/03 (Internal report – Strategic Policy Branch, Workplace Health and Safety Queensland). Q-COMP advises that in Queensland there were \$814.4M in total payments for workers' compensation claims in the 2005/06 financial year. Even a small improvement in the return to work outcomes of workers' compensation claimants will have a significant beneficial economic and social impact on Queensland.

The benefits of RRTWCs improving return to work outcomes and the duration of workers' compensation claims have been well-documented. The financial benefits arising from workplace-based rehabilitation have

been acknowledged in the Productivity Commission's March 2004 report on the national workers' compensation and occupational health and safety framework.

Q-COMP's expertise lies in the content of the RRTWC courses, not the effective delivery of training. Moving the accreditation of RRTWC training to the VET sector is expected to enhance the knowledge and skills of RRTWCs and improve their effectiveness. In cases of workplace injury the longer the duration on workers' compensation, the greater the costs are to the community, the employer and the worker.

It is likely that new entrants to the RRTWC training market will come from organisations already in the industry, such as existing RTOs in the VET sector. This minimises the risk of impediments to competition, such as barriers to entry. Existing RTOs who are not ATPs will have lower barriers to entry than the current situation, potentially reducing the risk to the community as a whole.

The proposed changes to the Regulation will have the effect of achieving the Government's objectives of:

- training for RRTWCs being transitioned to the VET sector;
- ensuring that those HRI employers who have had a wages cost in the last financial year of \$1.5M have a RRTWC; and
- making mandatory the requirement for RRTWCs to attend a recertification course every three years.

Amendments to the Regulation to achieve the Government's objectives are necessary because of the economic disincentives to non-RTOs of moving to the VET sector and the Government's ongoing commitment to provide and enhance rehabilitation and return to work outcomes in the context of a commitment to implement the NCP Review recommendations.

Implementation of the proposals should result in increased Queensland business efficiency and labour productivity and participation rates as a result of reductions in the following:

- production disturbance costs incurred in the short term until production is returned to pre-incident levels;
- long-term human capital costs such as loss of potential output, occurring after a restoration of pre-incident production levels;
- medical costs incurred by workers and the community though medical treatment of workers injured in work-related incidents;

- administrative costs incurred in administering compensation schemes, investigating incidents and legal costs;
- transfer costs – deadweight losses associated with the administration of taxation and welfare payments; and
- other costs including those not classified in other areas e.g. carer services (voluntary and paid for), the provision of medicines, medical aids and modifications and the pain, suffering and loss endured by injured workers and their dependants.

1.6 Determining the Net Public Benefit

The net public benefit arising from implementation of the proposed changes will be a significantly more effective and consistent RRTWC course and training provider accreditation system which has the potential to ensure better return to work outcomes for Queensland workers who sustain work-related injuries, potential premium savings for Queensland employers and improved productivity for the Queensland economy.

The current system of accreditation of RRTWC training courses and providers will be enhanced through transition to the VET sector. Training in accord with the AQTF standards will result in a better monitored and responsive RRTWC training system.

The proposed changes are necessary and are expected to be fully effective; given the Queensland Government's strong commitment to implementing the recommendations of the NCP Review and the benefits that will follow there is no viable alternative to proceeding.

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ENDNOTES

- 1 Laid before the Legislative Assembly on . . .
- 2 The administering agency is the Department of Employment and Industrial Relations.

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