

Submission in response to the Final Report of the Competition Policy Review

The National Insurance Brokers Association of Australia (NIBA) appreciates the opportunity to make a brief submission in response to the Final Report of the Competition Policy Review.

There is a significant area of economic activity in Australia that is not currently the subject of competitive forces and the benefits of competition: workers compensation insurance, in the States of Queensland, New South Wales, Victoria and South Australia.

The fact that this is a significant area of activity can be seen from the following premium information for the financial year ending 30 June 2014:

New South Wales	Net earned premium	\$2,244 million
Victoria	Premium revenue	\$1,920 million
Queensland	Net premium revenue	\$1,610 million
South Australia	Premium revenue	\$662 million

Source: Annual Reports for the WorkCover organisation in each State, for the financial year ending 30 June 2014.

NIBA is not aware of any proper analysis of the operation of these insurance frameworks from a competition policy perspective. There has been no demonstrated net benefit to the community from the limitations on competition in these States.

There are alternative mechanisms that permit the benefits of competitive pressure, while still achieving the social and community outcomes that workers compensation schemes seek to achieve. The workers compensation schemes in Western Australia, Tasmania, Northern Territory and Australian Capital Territory all work on a competitive basis, albeit within the framework of defined cover in a legislated workers compensation insurance policy.

NIBA is disappointed that there was very little coverage of this issue in the Final Report of the Competition Policy Review.

NIBA therefore strongly supports the Review's recommendations for a reinvigorated competition policy agenda for Australia, and calls upon the Federal Government to provide leadership in that process by establishing frameworks that require States and Territories to undertake genuine cost benefit analyses of the performance of the State operated workers compensation schemes from a competition policy perspective.

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