



ANNUAL GENERAL MEETING – 25th AUGUST 2005

CHAIRMAN'S REPORT

OVERVIEW

This year has again proven to be extremely challenging for SISA and its members. At the same time, a number of opportunities for SISA to embrace a changing environment for the benefit of its members and the South Australian community.

The Else /Clayton Review of Self Insurer Standards and Criteria, and its recommendations delivered at the end of 2004, became all encompassing with a seemingly endless stream of joint working party and out of session meetings, in which SISA was involved to represent the interests of its members.

WorkCover announced its new senior management team and with a reported unfunded liability of considerable proportion, indicated a focus towards improved outcomes in return to work and alignment with the various players in the system working in a more co-coordinated and collaborative manner.

The Minister announced the reappointment of the WorkCover Board for a further 2 year term, and a restructure of Board Committees saw the creation of the Self Insured Committee to deal specifically with self insurance matters.

The Occupational Health, Safety and Welfare (SafeWork SA) Amendment Act 2005, was assented to in Parliament in July. This will effectively consolidate all OHS&W administration in one organisation, to be known as SafeWork SA.

SISA continued its arrangement with Natalie Bottroff and Associates to stage two successful Occupational Health and Safety and Injury Management seminars.

The Minister lifted an embargo and authorised WorkCover to consider applications for new self insurer registrations. As a result, ASC was granted self insurance status on July 1, and this was no doubt a significant factor in winning the major ship building contract for South Australia. Other applications are currently under consideration.

Overall, membership continued to grow, with several organisations joining SISA as associate members.

SISA increased its profile at the national level, through continued active involvement with the National Council of Self Insurers (NCSI).

MAJOR ACHIEVEMENTS

Else/Clayton Review

SISA participated most vigorously in the processes involved in implementation of the recommendations arising from the Else / Clayton review, and consulted widely with its members in the process. Significant outcomes from the review have included :

- A change of name from “Exempt Employer” to “Self Insurer”
- The establishment of a natural consequences model based on continuous improvement in both Occupational Health Safety and Welfare and Injury Management for new self insurance evaluations, and renewals, to be applied from 1 January 2006.



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- Application of the natural consequences model and code of conduct to both private and crown self insurers
- The appointment of 4 additional WorkCover evaluators, predominantly to service the crown.
- The establishment of protocols to provide clarity in the evaluation process
- Future increases to bank guarantee levels, with corresponding reductions to the EERA contributions for the majority of private sector self insurers.
- The establishment of an activity based costing model for calculation of self insurers' levies.
- A recommendation to the Minister relating to size requirements for self insurers.

It is fair to say that SISA has been, and remains at odds with WorkCover on some issues arising from the recommendations, particularly with regard to the application of prescriptive claims related performance measures and the requirement to meet quantitative, rather than qualitative standards under the natural consequences model.

On those issues, SISA will continue to actively represent the views of its members in discussions with the WorkCover Board and its Self Insured Committee.

However, on balance, it has supported the establishment of the natural consequences model, clarity of evaluation protocols and partnering with evaluators in the interests of ongoing continuous improvement and superior performance.

It is important to emphasise that change for self insurers has been inevitable.

Whether for us it is a matter of "if it ain't broke don't fix it" can no doubt be the subject of ongoing debate, however there is no doubt that any self insurer taking its registration as a right, not a privilege, and not committing to continuous improvement, will have difficulty sustaining that position in the current environment and the foreseeable future.

Lobbying on Significant Issues

SISA employed a professional lobbyist to assist in having its voice heard in respect of several of the WorkCover Board recommendations arising from the Else/Clayton review.

The initiative was effective in ensuring that key Government Ministers were aware of issues for self insurers, and their important contribution to the economy of the state.

Representation of Members' Issues

During the year, SISA was active in representing members in discussions with WorkCover on specific issues as required, mainly in respect of evaluation outcomes.

It continued to develop its relationship with the employer representatives on the WorkCover Board with regular meetings, and was able to call on them in specific instances to assist members with issues relating to evaluation of performance.

We thank the Board members, Ms Barbara Rajkowska and Mr Peter Vaughan, for their continued support and congratulate them for their reappointment to the Board for a further 2 years. Ms Rajkowska has been appointed as chair of the newly created Self Insured Committee.



Overall there was a marked improvement in evaluations with a significant increase in the number of 3 year registration renewals granted.

Reduction in Self Insurers Levy Rate

Self insurers' levies payable to WorkCover were reduced by 35% as a result of the adoption of a transparent activity based costing model, agreed following negotiations between SISA, WorkCover and Deloitte, and endorsed by Else / Clayton.

In addition, SISA is pursuing for its members a refund for an overpayment of previous years' levies as an outcome of the calculation of the levy under the activity based costing model.

Contributions to the Exempt Employer Reserve Fund (EERA)

Contributions to the EERA will cease as at December 31 2005 for those self insurers contributing since its inception, and after an equivalent period of time for those that have contributed for a lesser period.

This will be offset by a requirement to increase bank guarantee levels, however the costs involved in securing additional bank guarantees are less than the cost of contributions to the EERA.

SISA will be closely involved in the future monitoring of the EERA and it is considered that this good outcome for members.

Seminars

SISA's association with Natalie Bottroff and Associates was again most productive, with two seminars conducted during the year.

"Simply Safety", an event held at the Adelaide Gaol in association with the Safety Institute of Australia, focused on topical Occupational Health Safety & Welfare issues and initiatives.

"Its Up To You", held at the Ridley Convention Centre, Wayville, involved claims management information, particularly for new claims administrators. A feature of this seminar was a trade exhibition, where service providers put their products on display.

The seminars were most successful, not only financially, but it is also with the relevance and quality of topic.

Significant Events

Approximately 70 CEOs / responsible officers attended a breakfast supported by Business SA and WorkCover to launch the natural consequences model and discuss other aspects of the Else / Clayton review.

Tonight's Annual General Meeting and dinner is a first for SISA with presentation of the inaugural best practice awards.

The SISA annual golf day was held at Grange. Our golf day has become a most popular annual networking event.



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Sponsorship

SISA has been able to secure valuable sponsorship for its various events. In addition to sponsorship for seminars, all general meetings are now sponsored, and sole sponsorship for events such as tonight's annual general meeting, and our social golf day has been achieved.

We thank all sponsors for their support of SISA and hope that that support will continue in the future.

National Issues

SISA's contribution to the national scene continued with the reappointment of Darryl Turner as Chair of the National Council of Self Insurers (NCSI) and Joanne Denley as South Australian representative.

The NCSI established important relationships with bodies such as the Heads of Workers Compensation Authorities (HWCA) and the Australian Safety and Compensation Commission (ASCC) to pursue national consistencies and mutual recognition for self insurers.

Mr Turner has lifted SISA's profile through addresses at national and interstate conferences, and the establishment of a self insurance stream at the National Risk Management Conference, to be maintained as an annual event.

Industry/Regional Groups

SISA has supported the establishment of the Retail Grocery and the Aged Care industry groups in the interests of sharing of information and encouraging best practice initiatives.

The groups have been modeled on the very successful Wine industry group, which has operated successfully for some time.

Regionally, SISA continued to service the far northern group, with presentations on local issues, and consultation on the Else/Clayton review and the natural consequences model.

It is hoped that other similar groups will be established and the roll out of the natural consequences model may be the catalyst for this to occur.

SISA Website

Our website was remodeled and upgraded to allow better access to the information provided to members and to sub-committee minutes and agendas.



STATUS OF MAJOR CURRENT ACTIVITIES

Else/Clayton Review

In a joint initiative with WorkCover, SISA will progressively “roll out” the natural consequences model and evaluation protocols in information sessions to self insurers regionally and in industry groups.

This process has commenced with the launch of the model to CEOs and responsible officers, followed by sessions at Port Augusta, port Pirie and Mt Gambier.

A program has been developed to ensure that all self insurers are covered in information sessions to be conducted prior to the end of the year and a joint SISA / WorkCover working party is developing guidelines to support the evaluation protocols.

Size Requirements for Self Insurers

Currently SISA is involved in discussions with the Minister to seek progression of legislation to amend size requirements for self insurers to include a remuneration, as well as employee number level. Progression of this legislation is important for self insurers not likely to employ the current required number of 200 employees, either now or in the foreseeable future.

SafeWork SA Advisory Committee

SISA is in the process of seeking expressions of interest from members for nomination as an employee representative on the soon to be created SafeWork SA Advisory Committee

Refund of Levy

SISA is pursuing a refund for an overpayment of previous years' levies as an outcome of the calculation of the levy under the activity based costing model. If successful, the exercise will bring significant returns to members.

Training

On the basis of feedback from current evaluation results, and with input from our sub-committees, we are in the process of scoping an internal audit training course to be available to members shortly.

Similarly, and following a survey of members, we are pursuing the establishment of an injury management training course for self insurers.

Evaluation outcomes

Ongoing issues relating to self insurer evaluations against the performance standards will be addressed in regular meetings with WorkCover



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Seminars

With Natalie Bottroff & Associates, planning is underway to conduct a major seminar in March 2006. The seminar will feature international and national research and speakers on the subject of managing an ageing workforce.

National Consistencies for Self Insurers

SISA is leading the NCSI in pursuing the adoption of a common OHS&W audit tool for multi state self insurers.

SISA Website

SISA is continuing to develop its website and encourages members to visit it regularly as a source of current news and information.

FUTURE ACTIVITIES

The newly elected Executive Committee will review and publish a corporate plan for SISA in 2005/2006. It is likely that the focus will be in the following key areas:

- Provision of improved information for lobbying, benchmarking and reporting.
- Ongoing involvement in establishing the natural consequences model following the recommendations from the Else/Clayton review.
- Increased CEO involvement as required on specific issues.
- Continued development of profile and initiatives in the national arena.
- Establishment of alternative income streams through the provision of injury management and associated training programs.
- Maintenance and development of resource and asset bases
- Continued development of stakeholder relations with organizations such as WorkCover , SafeWork SA and Business SA.



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MEMBERSHIP

SISA has welcomed the following Full and Associate Members during the past year.

Full Members

ASC Pty Ltd

Associate Members

Clipsal
Donaldson Walsh
Management Recruiters Australia
Mutual Community
T & R Pastoral Consolidated Group
Tey's Bros (Naracoorte) Pty Ltd
Nicholas Anthony & Associates
Fosters Group Limited
Intelligent People Management
Qantas Airways Limited
Department of Water, Land & Biodiversity Conservation
CRC Group
Gun & Davey
Phillips Fox Lawyers
SafeSearch
Sonic Innovations
Star Rehab
Workrisk Services

Although continued growth in membership was achieved it is important for SISA to maintain a service to its members particularly those in the category of prospective self insurers. SISA must do all it can to assist those organisations to gain self insurer status.

TXU Ltd (now TRUenergy) and Electranet had their registrations revoked as neither organisation were able to meet the requirement to have 200 employees at the time of their renewal.

Both organisations lodged an appeal to the Minister, and present indications are that the appeals are likely to be dismissed.

Whilst each company is considering its options, SISA is making representations to the Minister to proceed with an amendment to the legislation regarding size requirements, which, if passed, will resolve the matter.

STAFFING/RESOURCES

SISA staffing remained constant during the year, and it is important to note the development of Melissa von Laue, who as Personal Assistant/Office Manager, settled in well in her second year, and instigated initiatives such as website development and general meeting sponsorship, as well as performing her normal office duties.



As an additional income stream, arrangements were made with the occupiers of the next door business to store equipment in SISA's shed.

Limited building maintenance was required, and on the basis of an excellent financial outcome for the year ended 2004, the Executive decided to reduce the variable loan on our property by an amount of \$40,000, and purchase a lap top computer and data show projector.

In the budget for 2005/2006, an amount for upgrading of the premises was allowed, and at today's meeting another positive financial outcome will be delivered, enabling the incoming Executive Committee to consider further additional initiatives in the coming year.

COMMITTEE INVOLVEMENT

SISA was actively represented in the following committees and stakeholder forums:

- Ministerial Advisory Committee for WR&C
- WorkCover Employer Strategic Consultation Forum
- Management Committee of the Employer Advocate Unit
- Business SA Employer Stakeholder Group

As has been previously reported, SISA is seeking representation on the SafeWork SA Advisory Committee.

SUMMARY

This has again been a most satisfactory year as SISA has met the consultation demands of arguably the most important review for self insurers since the inception of WorkCover and generated additional income through growth and resource management.

The auditors report to be tabled at today's meeting indicates a most favourable outcome.

At today's Annual Meeting our Executive Committee for 2005/2006 will be elected. There will be an election as nominations exceed the number of vacant positions. I take this as a healthy sign that members are keen to contribute to the activities of their organisation.

Hopefully we are providing a service to meet the needs of our members, however if this is not the case we would encourage you to let us know.



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I would like to thank all members of the existing committee for their contributions during the year, in particular to Mr Mark Sorre and Mr Wayne Potter who resigned during the year, and consequently will not be seeking re-election, and Mr Michael Rule, who has indicated that he will not be completing the remainder of his 2 year term of office.

I look forward to working with the new committee in 2005/2006. For those who nominated but are not elected, thank you for your interest.

Finally thank you to all our members for their continued support of SISA.

THE 2004/2005 EXECUTIVE COMMITTEE WERE AS FOLLOWS:

Chairperson	Mr Steve Standen	ABB Grain Limited
Deputy Chairperson	Ms Joanne Denley	Bridgestone Australia Limited
Honorary Treasurer	Ms Di Routledge	Hills Industries Limited
Committee	Ms Lee Anne Folkers Mr Jeff Ames Mr Jeff Beer Mr Andrew Antony Mr Rob Edwards Mr Wayne Potter Mr Mark Sorre Mr Darrin Wright Ms Trish Bowe	Bank SA Department of Health Mitsubishi Motors Australia Limited Santos Public Sector Workforce Relations and LGA Workers Compensation Association (Part Year) LGA Workers Compensation Association (Part Year) Holden Ltd (Part Year) Holden Limited (Part Year) Public Sector Workforce Relations (Part Year)

STEVE STANDEN
Chairman
Self Insurers of South Australia



SUB COMMITTEE REPORTS

In presenting the sub committee reports it is important to emphasise that for a good part of the year both sub committees were involved in consultation processes relating to the Else Clayton review recommendations, which took priority over other issues.

As a result, many initiatives which would normally be considered by the sub committees were put “on hold” pending completion of the consultation process

Nevertheless, general meetings were held regularly by each sub committee and were well attended. All general meetings are now sponsored and include a networking lunch. Most were held at the West Torrens Council Chambers, which has proven to be an ideal venue.

The following is a brief overview of the each sub committee’s activities for the year.

INJURY PREVENTION SUB COMMITTEE

General Meetings

The following topics were presented at the General Meetings:

September 2004

“Else/Clayton Review recommendations”

Mr Darryl Turner, Manager, SISA

Meeting sponsored by Thomson Playford Lawyers

December 2004

“SA OH&S Strategic Direction”

Mr Ashley Moore, Director, Field Services, Workplace Services

“Else/Clayton Review status”

Mr Darryl Turner, Manager, SISA

Meeting sponsored by Wilson People Management

March 2005

“DECS Business Manager system”

Ms Christine Irmeler, DECS

Meeting sponsored by Thomson Playford Lawyers

May 2005

“The value of effective internal audits for self insurers”

Mr Graham Terrell, Winning Management Systems

“WorkCover update”

Mr James Large and Ms Dianna Alder, WorkCover

Meeting sponsored by CGU Insurances



July 2005

OHS&W implications of psychological screening in the selection process

Mr Joseph Hinora, Consultant Psychologist

"Implications of the SafeWork SA Bill"

Mr Chris Yiallourous, WorkCover

"WorkCover update"

Ms Dianna Alder, WorkCover

Meeting sponsored by MLCOA

Other Initiatives

As has been previously recorded the majority of the sub committee's work was involved in consultation in relation to the Else Clayton recommendations.

For the Injury Prevention sub committee, this involved in particular, consideration of the proposed evaluation protocols under the natural consequences model, and the revised performance standards.

Members of the sub committee participated in a working party with WorkCover to clarify issues relating to key performance indicators and their relationship to organisational policies. The working party will continue to meet to consider various issues associated with the evaluation protocols.

The sub committee supported the successful seminar conducted by SISA in OHS&W, "Simply Safety" held in October in conjunction with the Safety Institute of Australia.

Bill Sloan represented the sub committee and SISA on the restructured Business SA Employer Stakeholder Group.

Future Activities

The sub committee will be extensively involved in overseeing the implementation of the Else Clayton review recommendations and advising the Executive Committee in specific areas, particularly with regard to the SafeWork SA Authority and its activities.

Sub committee members will participate on a working party to establish an internal audit training program to be available for self insurers

In Conclusion

My thanks go to all the people who have contributed to the sub committee activities during the year.

It is recognised that the daily demands of our work make it difficult to devote time to the sub committee and all efforts are really appreciated.

I look forward to working with the sub committee again in the coming year.



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THE 2004/2005 INJURY PREVENTION SUB COMMITTEE WERE AS FOLLOWS:

Chairperson	Mr Darryl Turner	Self Insurers of South Australia
Deputy Chairperson	Mr Colin McLean	Sola Optical
Committee	Mr Bill Sloan	Transfield Services
	Mr David Kemp	Department of Correctional Services
	Ms Denise Palmer	Department of Health
	Ms Lesley Riddle	Hills Industries
	Ms Linda Smith	Catholic Church
	Mr Paul Farmer	Mitsubishi Motors
	Mr Tony Carter	Coles Myer Limited
	Mr Rob Edwards	Public Sector Workforce Relations
	Ms Anna Gregg	Schefenacker
	Mr Mark Linke	Local Govt Workers Compensation Scheme
	Ms Ruth McEwin	Royal district Nursing Service
	Mr Brad Williams	Clipsal Australia
	Mr Andrew Wiseman	Boral
	Mr Stewart Allen	Select Australasia

INJURY MANAGEMENT SUB COMMITTEE

General Meetings

The following topics were presented at the General Meetings:

September 2004

"Else / Clayton Review recommendations" Mr Darryl Turner, Manager SISA

Meeting sponsored by Thomson Playford Lawyers

December 2004

"Medical Management Information Systems" Mr David Sagar, Sano Consulting

Meeting sponsored by Wilson People Management

March 2005

"National Data Set reporting" Ms Lee Anne Kearney, WorkCover

"Section 58B/c implications for self insurers" Mr Chris Sargent, Thomson Playford Lawyers

Meeting sponsored by Thomson Playford Lawyers



Self Insurers of South Australia

May 2005

"The benefits of Industry Groups"

Mr Brian Smedley Wine Industry Association

"Job Dictionaries"

Nandu Nandoska, NN& Associates &

Tim Wilkinson, Drake Foodmarkets

"WorkCover update"

Ms Dianna Alder & Mr James Large,
WorkCover

Meeting sponsored by CGU Insurances

July 2005

*"Minimising psychological factors associated
with Workplace Injury"*

Mr Joseph Hinora, Consultant Psychologist

"Exit Fees and Liability transfer"

Mr Lindsay Beard, WorkCover

"WorkCover Update"

Mr James Large, WorkCover

Meeting sponsored by MLCOA

Other Initiatives

As has been previously recorded, the majority of the sub committee's work was involved in consultation in relation to the Else Clayton recommendations.

For the Injury Management sub committee, this involved in particular, consideration of the proposed performance measures under the natural consequences model, relating to claims management. Members of the sub committee participated in a working party with WorkCover to clarify issues relating to key performance indicators and their relationship to organisational policies. The working party will continue to meet to consider various issues associated with the evaluation protocols.

The sub committee supported the successful seminar and trade expo conducted by SISA in Injury Management, "It's Up To You", held in October in conjunction with the Safety Institute of Australia.

The sub committee also provided input into the SISA response to the Clayton review of rehabilitation in South Australia.

Working Parties

The sub committee have convened three working parties in respect of the following specific areas:

- *Training Claims and Rehabilitation Working Party*, conducted a survey of SISA members to assess training needs, and as a result will proceed with the establishment of a SISA Injury Management training program.
- *Medical Working Party*, considered and promoted the Injury management case management program developed by SANO Consulting, and advised ESISA Executive on proposed fee increases for public and private hospitals.
- *Legislative Working Party*, working on a policy and protocols for section 58B/C investigations for self insurers. When finalised, this will become part of the performance measures under the natural consequences model



Future Activities

The sub committee will be extensively involved in overseeing the implementation of the Else Clayton review recommendations.

Working Party activities will continue in their respective areas.

In Conclusion

My thanks go to all the people who have contributed to the sub committee activities during the year, particularly to sub committee stalwarts Linda Bogdanov and Lynn Hodge, form Mitsubishi Motors, who resigned during the year to take up alternative employment.

It is recognised that the daily demands of our work make it difficult to devote time to the sub committee and all efforts are really appreciated.

I look forward to working with the sub committee again in the coming year.

THE 2003/2004 INJURY MANAGEMENT SUB COMMITTEE WERE AS FOLLOWS:

Chairperson	Mr Darryl Turner	Self Insurers of South Australia
Committee	Ms Adele Stevenson	Noarlunga Health Services
	Ms Bev Stocker	RAA of SA Inc
	Ms Di Routledge	Hills Industries
	Mr Greg Binks	SA Police
	Mr Greg Pugh	Select Australia
	Ms Jan Scott	Repatriation General Hospital
	Mr Jim Buttfield	Department of Health
	Mr John Dewar	Royal Adelaide Hospital
	Mr John McAteer	Department of Administration and Information Services
	Ms Linda Bogdanov	Mitsubishi Motors (Part Year)
	Ms Lyn Hodge	Mitsubishi Motors (Part Year)
	Mr Dave Harding	Catholic Church Insurances
	Ms Hedy Babi	Southcorp Wines
	Mr Mark Bush	WMC (Olympic Dam Corporation) (Part Year)
	Mr Jon Davis	Dept of Health
	Mr Shaun Finn	Boral
	Mr Tim Wilkinson	Drake Foodmarkets
	Mr Andrew Lutz	Mitsubishi Motors (Part Year)
	Mr Chris Pemberton	Mitsubishi Motors (Part Year)

DARRYL TURNER
Manager
Self Insurers of South Australia