

BUSINESS NSW

17 February 2023

Mr Michael Sibbald
Supervision Manager
Insurer Supervision
State Insurance regulatory Authority
E: Michael.Sibbald@sira.nsw.gov.au

Dear Michael

SIRA'S REVIEW OF THE SELF-AUDIT PROCESS AND DOCUMENTATION

Thank you for inviting Business NSW, as a member of SIRA's Tripartite Committee, to provide input into this review process.

We note that the purpose of this review is to *"increase transparency of expectations and drive increased consistency, confidence and value in self-audit outcomes"*, with the 'hope' being *"that this can be achieved through small but meaningful changes to the process, tool and guidance material."*

We also note you provided the list of questions that are being asked of insurers and form part of this review process. Given Business NSW is neither an insurer nor an auditor, we are unable to respond to the first subject-matter specific questions.

However, we can respond to the final question concerning *"Any other comment to make or feedback to provide regarding self-audits that has not been covered above?"*

In your email of 14 February 2023, you confirmed that the results of the self-audits are not made publicly available, but that *"any improvement/remediation plans or regulatory action coming from the audit would be"* and that *"SIRA are commencing publication of this detail"*.

In light of this advice, Business NSW wishes to make the following observations:

- It has been three years since the [Independent reviewer report on the Nominal Insurer of the NSW workers compensation scheme \(the Dore Report\)](#), which was commissioned by SIRA, was published.
- In that report, Ms Dore noted that *"a deteriorating RTW rate has a direct and real impact on the performance and continued viability of the workers compensation scheme"*¹.

¹ Paragraph 5.7.4 at page 45

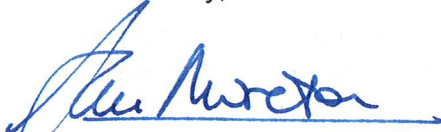
- According to information contained on SIRA's open data portal, over the period November 2018 to October 2022, the four-week RTW rate of the NI continues to lag behind that of the scheme as a whole.
- Business NSW also understands that, when the effect of COVID-19 claims are removed from that data, those rates have continued in its downward trajectory.
- We question whether a self-audit process is a sufficient regulatory tool to overcome the current level of non-compliance and poor performance within the scheme given that the results of such a process would tend to contain an inherent positive bias and would not necessarily be accompanied by the identification of appropriate steps needed to improve the way claims are being managed.

In the interests of promoting transparency and confidence within the scheme, Business NSW would prefer to see SIRA conducting a rolling program of audits, especially in relation to the claims managed on behalf of the Nominal Insurer, with the results (which would include any shortcomings identified in the audit process, the remediation steps to be adopted and the success of those remediation steps) being published on a regular basis.

Such a program would align with the sixth of the seven goals identified in [SIRA2025](#), namely '*holding regulated entities to account for outcomes*'.

If you would like to discuss the contents of this submission in more detail, please contact Elizabeth Greenwood, Policy Manager, Workers' Compensation, WHS and Business Regulation either by email (elizabeth.greenwood@businessnsw.com) or by telephone on 0419 758 779.

Yours Sincerely,



SAM MORETON

General Manager, Policy