

A man and a woman, both wearing dark blue polo shirts, are standing in a workshop. The woman is on the left, looking at a computer monitor. The man is on the right, leaning on a desk and looking at the same monitor. The background shows a workshop with various tools and equipment.

SUBMISSION

Draft Terms of Reference: Broad Workers Rehabilitation and Compensation Scheme Review

Tasmanian Automotive Chamber of Commerce

10 September 2026

TACC
You're in good hands

Contact



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Lodged with

Ms Jackie King
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Dear Ms King,

I write on behalf of the Tasmanian Automotive Chamber of Commerce (TACC), a division of the Victorian Automotive Chamber of Commerce and Tasmania's peak automotive industry association. TACC represents more than 400 member sites across more than twenty retail automotive sectors, employing more than 7,500 Tasmanians, and employs around 80 automotive apprentices through its group training organisation.

TACC supports the Review and broadly supports the draft Terms of Reference as stated. Our comments go to what the draft does not yet require the Review to do, and to a small number of objectives that should be tightened so the findings are usable by the employers who fund the scheme.

TACC notes that the Tasmanian Chamber of Commerce and Industry (TCCI) has also made a submission regarding the Draft Terms of Reference. TACC broadly supports the positions advanced by TCCI, particularly in relation to review independence, employer affordability, identification of the drivers of increasing scheme costs and premiums, national benchmarking, governance arrangements, and the need for transparent assessment of scheme performance and sustainability.

TACC's submission should be read as complimentary to the TCCI's submission. While TCCI addresses a number of whole-of-economy and governance issues, TACC has focussed on matters of particular relevance to the automotive industry and small business employers, including apprenticeships and group training, industry-level affordability, premium transparency, return-to-work outcomes, medical certification and injury prevention incentives.

Affordability should be a measured test, not a consideration

Objective 2.1 asks the Review to assess impacts on employer affordability and competitiveness, including small business. Affordability is then omitted from the Principles at section 8, which discuss the financial sustainability of the Scheme with no regard to the employers who pay for it.

Sustainability shouldn't be seen in simple terms of whether the Scheme's income matches the Scheme's expenses. It should be measured by the extent to which scheme costs affect employer viability, investment decisions and capacity to retain and grow employment levels as well as how well it can support employees accessing the Scheme.

Premium movements have to be relevant to the sector

The Board's suggested premium rates for 2026–27 put automotive electrical services at 2.64 per cent of wages, up from 2.07 per cent two years earlier, an increase of 27.5 per cent. Other automotive repair and maintenance moved from 1.41 to 1.76 per cent over the same period, up 24.8 per cent. The all-industries suggested average rose 15.3 per cent, from 1.89 to 2.18 per cent. Body, paint and interior repair and tyre retailing moved the other way, and are below their 2024–25 rates.

It is unclear why there is such a large increase in automotive compared to the all-industries average. Any price-setting mechanism must be transparent and easily understood by anyone contributing to or accessing the Scheme.

In addition, suggested rates are also not what employers pay. For example, the Board's 2024–25 annual report records an earned premium rate of 2.30 per cent against a suggested rate of 2.06 per cent for the same year. The distance between what the Board's actuary calculates and what insurers charge is not currently anywhere in the Terms of Reference.

Section 102B of the Act already requires the Board to publish suggested rates and, on request, to provide the actuarial basis and the claims experience behind them. A workshop owner should not have to lodge an individual request to find out why their rate moved.

Transparency of this information is not merely an administrative matter. Employers fund the Scheme and should have access to sufficiently detailed information to understand premium movements, assess risk drivers within their industry and make informed decisions regarding workplace safety, workforce planning and investment. Greater transparency would improve confidence in the Scheme and support more effective injury prevention efforts.

The Scheme's own actuarial work answers the question members are asking

The most common complaint TACC hears is that claim numbers are down and premiums are up. Frequency and cost per claim are now pulling in opposite directions. Employers who invest in prevention are being priced on an average claim size they cannot influence.

The Review should test whether that holds class-by-class, and say so plainly if it does.

Apprentices and group training are not in the draft

Objective 2.3 asks whether the legislative and administrative frameworks respond to emerging and non-traditional employment arrangements, and lists gig, platform and hybrid work, migrant and temporary workforces and the ageing workforce. Group training organisations and host employer arrangements are not among them.

TACC estimates Tasmania has around 825 automotive apprentices against an industry requirement closer to 1,200. Whether the Scheme's pricing and premium-setting arrangements create unintended barriers to apprenticeship employment is a legitimate question for the Review. There is currently no explicit provision within the Terms of Reference requiring examination of the interaction between workers compensation costs, apprenticeship employment, host employer participation and group training arrangements, despite their importance to meeting Tasmania's future skills needs.

TACC's own group training operations provide a practical example of why these issues warrant examination. In Tasmania, TACC employs approximately 70 to 80 apprentices through its group training organisation, while its Victorian operations employ approximately 540 apprentices. Despite the substantially larger apprentice cohort in Victoria, **workers compensation costs on a per-apprentice basis are materially higher in Tasmania, being more than six times those experienced in Victoria.**

While direct premium comparisons between jurisdictions should be treated with caution due to differing legislative, regulatory and scheme design settings, the disparity nevertheless demonstrates the importance of examining whether current pricing arrangements create unintended barriers to apprenticeship employment, host employer participation and workforce development in skill shortage industries. The Review should specifically assess the extent to which workers compensation costs influence apprenticeship commencements, retention and completion rates.

Psychological injury should be reported separately for the State Service and the private sector

Objective 2.3 proposes that the Review consider the financial impact of psychological injury on the cost of the Scheme. TACC supports that with one qualification.

The actuary's Scheme Review to 30 June 2025 puts mental health claims at 12.0 per cent of scheme claims and 32.7 per cent of payments over five years, yet the distribution is not even. Mental health claims account for 69.9 per cent of Tasmanian State Service payments. The 2026-27 Budget records psychological claims at around 31 per cent of State Service claims, costing more than eight times the average physical injury claim with contributions rising \$83 million, or 39 per cent, in 2026-27.

The Review should ensure that any scheme-wide reform proposals are supported by disaggregated analysis and do not transfer costs arising from unique State Service experience to private sector employers whose claims profile is materially different.

TACC's own group training operations have not experienced any psychological injury claims in Tasmania in recent years. While this experience cannot be assumed to reflect the broader scheme, it further demonstrates the importance of disaggregated reporting and analysis. Aggregate scheme-wide data may obscure material differences between sectors, industries and workforce cohorts and may

result in policy responses that do not reflect the underlying claim experience of particular groups of employers.

Psychological injury claims require distinct policy consideration

TACC supports examination of psychological injury costs and trends. However, psychological injury claims are fundamentally different from physical injury claims in terms of causation, diagnosis, treatment pathways, claim duration and return-to-work outcomes.

The Review should not proceed on the assumption that psychological and physical injuries can be managed through identical legislative, claims management and return-to-work frameworks. While both deserve appropriate support and compensation, they present materially different challenges for workers, employers, insurers and regulators.

TACC does not support a policy approach that assumes parity between physical and psychological injuries simply because both arise in a workplace context. The evidence consistently demonstrates significant differences in causation, claim duration, treatment pathways, return-to-work outcomes and scheme costs.

The Review should expressly examine whether psychological injury claims require separate thresholds, management approaches, rehabilitation pathways and return-to-work interventions to achieve better outcomes for workers and improved scheme sustainability.

The Review should specifically examine:

- differences in claim duration between physical and psychological injuries;
- differences in return-to-work outcomes;
- the effectiveness of current treatment and rehabilitation pathways;
- barriers to recovery and workforce participation; and
- whether existing legislative settings appropriately recognise the unique characteristics of psychological injury claims.

Given the increasing proportion of scheme costs attributable to psychological injury, a key objective of the Review should be identifying approaches that improve recovery and return-to-work outcomes while maintaining affordability and long-term scheme sustainability.

Outcomes matter more than expenditure

Public discussion of workers compensation often focuses on claim costs, benefit levels and scheme liabilities. While important, these measures do not indicate whether injured workers are recovering or successfully returning to work.

The Review should assess the Scheme against outcome measures, including recovery rates, return-to-work rates, claim duration and long-term workforce

participation. A scheme that spends more but achieves poorer recovery and return-to-work outcomes should not automatically be regarded as more successful than a scheme that delivers better outcomes at lower cost.

The Review should ensure that performance measures focus on worker recovery and workforce participation rather than compensation expenditure alone.

Early intervention must be examined

Research across workers compensation systems consistently demonstrates that recovery outcomes deteriorate the longer an injured worker remains detached from the workplace. The Review should therefore evaluate whether current legislative, administrative and claims management arrangements support early intervention by employers, insurers and treatment providers.

Consideration should be given to whether delays in claim determination, treatment approval, medical reviews or dispute processes unnecessarily prolong workforce absence and increase scheme costs.

TACC members also report difficulties obtaining meaningful work capacity assessments and timely engagement from treating medical practitioners regarding suitable duties and graduated return-to-work arrangements. In some cases, limited information is provided regarding a worker's functional capacity or the basis upon which workplace restrictions have been determined. These experiences reinforce the importance of examining whether current medical certification and work capacity assessment processes effectively support early intervention, recovery and workforce participation wherever medically appropriate.

The Review should also examine whether current medical certification arrangements appropriately balance worker welfare, clinical independence and return-to-work objectives. Consideration should be given to whether certification practices consistently assess work capacity, suitable work options and workplace restrictions, and whether existing processes support early intervention and ongoing workforce participation wherever medically appropriate. TACC considers that medical certification should contribute to recovery and rehabilitation outcomes rather than unnecessarily prolong periods away from work.

Claim duration should be treated as a key performance indicator

Claim duration should not be viewed solely as a cost measure. Extended claim duration is frequently associated with poorer recovery outcomes, reduced workforce participation and lower prospects of successful return to work.

The Review should examine the causes of prolonged claim duration, including delays in treatment approval, dispute processes, administrative requirements, barriers to suitable work and other factors that may unnecessarily extend periods away from work.

Particular attention should be given to differences in claim duration between physical and psychological injuries, recognising that longer claim duration is often associated with reduced return-to-work outcomes and increased scheme costs.

Reducing unnecessary claim duration should be regarded as both a worker-outcome objective and a scheme sustainability objective. A successful workers compensation system should support timely recovery, minimise avoidable delays and maintain workforce attachment wherever medically appropriate.

Return to work must be the primary success measure

The central purpose of a workers compensation scheme should be recovery and return to work, not simply the payment of benefits.

TACC supports the strong references throughout the draft Terms of Reference to rehabilitation and return-to-work outcomes. However, the Review should expressly examine whether current incentives for workers, employers, insurers, medical practitioners and service providers are aligned toward achieving early and durable return-to-work outcomes.

The effectiveness of a workers compensation scheme depends heavily on whether the incentives facing scheme participants support recovery and return to work. The Review should examine whether any aspects of the current Scheme inadvertently encourage prolonged claim duration, unnecessary disputes, delayed treatment, workplace disengagement or extended absences from work. A well-functioning scheme should align incentives across workers, employers, insurers, medical practitioners, rehabilitation providers and legal representatives towards recovery, rehabilitation and durable workforce participation wherever medically appropriate.

Particular attention should be given to incentives affecting psychological injury claims, which frequently involve different recovery pathways, longer claim durations and lower return-to-work rates than physical injury claims.

Key indicators of scheme performance should include:

- time to first return to work;
- sustainable return-to-work rates;
- return-to-work outcomes by injury type;
- barriers to participation in suitable work;
- the effectiveness of early intervention programs; and
- differences in return-to-work outcomes between physical and psychological injuries.

Workers who remain connected to work generally experience better long-term employment, health and social outcomes than workers who remain detached from the workforce for extended periods. The Review should identify reforms that promote safe and timely workforce participation as soon as medically appropriate and ensure all scheme participants are focused on early intervention and successful return to work.

Prevention is missing

The Terms of Reference cover compensation, rehabilitation, return to work, governance and insurance. However, they do not explicitly require the Review to examine whether the Scheme's pricing structures and incentives are reducing injury frequency and severity. Without this consideration, the Review risks focusing on the consequences of workplace injury rather than the prevention of injury itself. Prevention is the most effective means of improving worker outcomes and reducing scheme costs.

A sustainable workers compensation system should reward employers who successfully reduce workplace injuries and support early intervention. The Review should therefore examine whether existing premium structures and incentive arrangements encourage measurable reductions in injury frequency and severity.

Reference Group composition and short-term improvements

TACC supports the Tripartite Reference Group. Its membership will be settled early, so composition is a matter for this consultation rather than a later one. Employer representation drawn only from the largest peak bodies will not surface the experience of a six-person workshop in Devonport.

Scope item 3.5 invites short-term improvements that can proceed during the Review. Publishing the drivers of premium change by industry class requires no legislative amendment and need not wait for the final report. It should be nominated as a short-term item, so that the principle of avoiding piecemeal reform at section 8 does not become a reason to defer everything to the end.

Recommendations

Recommendation 1

Add employer affordability to the Principles:

amend section 8 to read the financial sustainability of the Scheme, and the affordability of premiums for the employers who fund it, including small business.

Recommendation 2

Require the affordability assessment to be disaggregated:

amend objective 2.1 so impacts on employer affordability and competitiveness are assessed by ANZSIC industry class and by employer size, not at whole-of-scheme averages.

Recommendation 3

Bring the gap between suggested rates and premiums charged into scope:

amend objective 2.1 to require examination of the relationship between the suggested premium rates published by the Board and the premiums actually charged to individual employers by licensed insurers.

Recommendation 4

Publish the drivers of premium change by class:

amend scope item 3.3 so claim frequency, average claim size, claim duration and return-to-work performance are published annually by industry class, without employers having to make an individual request under section 102B. Transparency regarding the drivers of premium movements is essential to informed employer participation in the Scheme and would support improved risk management, injury prevention and confidence in premium-setting outcomes.

Recommendation 5

Add group training to the emerging arrangements list:

amend objective 2.3 to include group training organisations, host employer arrangements and apprenticeships.

Recommendation 6

Test the scheme's effect on apprentice employment:

add an objective under 2.1 examining whether premium setting creates a disincentive to employing apprentices and young workers, including impacts on group training organisations, host employer willingness to engage apprentices and apprenticeship commencements, retention and completions. The Review should specifically assess whether workers compensation costs create barriers to workforce development in skill-shortage industries and whether current pricing arrangements appropriately recognise the long-term economic value of apprenticeship employment.

Recommendation 7

Report psychological injury by sector and industry:

amend objective 2.3 so the financial impact analysis is published separately for the Tasmanian State Service and the private sector before any scheme-wide reform is recommended.

Recommendation 8

Recognise psychological injuries as requiring distinct consideration:

amend objective 2.3 to require separate analysis of psychological injury claim duration, return-to-work outcomes, treatment pathways and scheme costs and assess whether different legislative or administrative approaches are warranted for psychological injury claims.

Recommendation 9

Put prevention in scope:

amend scope item 3.2 to examine whether the scheme's premium settings and incentives measurably reduce injury frequency and severity.

Recommendation 10

Broaden employer representation on the Reference Group:

amend section 5 so employer representation is drawn from both peak employer bodies and industry sector associations representing small business employers.

Recommendation 11

Make return-to-work performance a core measure of scheme success:

amend scope item 3.2 and the Review principles to require publication and assessment of return-to-work outcomes, including time to return to work, sustainable return-to-work rates and return-to-work performance by injury type, sector and industry. Return-to-work performance should be reported separately for:

- physical injury claims;
- psychological injury claims;
- Tasmanian State Service claims;
- private sector claims; and
- major industry groups.

Aggregate reporting obscures substantial differences in claim outcomes and may lead to inappropriate policy responses.

Recommendation 12

Require publication of claim duration data:

amend scope item 3.2 so that claim duration is reported annually by injury type, sector and industry, including the proportion of claims exceeding 13 weeks, 26 weeks, 52 weeks and 104 weeks.

Recommendation 13

Review the alignment of return-to-work incentives:

examine whether the incentives facing workers, employers, insurers, medical practitioners, rehabilitation providers and legal representatives support early intervention, recovery and safe, durable return-to-work outcomes.

Recommendation 14

Review the role of medical certification in supporting return-to-work outcomes:

examine whether current medical certification and work capacity assessment processes appropriately balance worker welfare, clinical independence, work capacity assessment, suitable work participation and return-to-work objectives. The Review should consider whether certification practices consistently assess functional capacity, workplace restrictions and suitable duties, and whether current arrangements provide sufficient information to support early intervention, recovery and durable workforce participation wherever medically appropriate.

Taken together, these issues demonstrate the importance of evaluating the Scheme not solely through the lens of compensation costs and liabilities, but through its capacity to support recovery, facilitate timely return to work, encourage injury

prevention, maintain workforce participation, support investment in apprenticeships and future workforce development and remain affordable for the employers who fund it.

TACC supports a workers compensation system that delivers fair support for injured workers, encourages recovery and workforce participation, recognises the distinct nature of psychological injury claims, promotes injury prevention and remains affordable and sustainable for the employers who fund it. The Scheme should also support, rather than inadvertently discourage, investment in apprenticeships and workforce development that are critical to Tasmania's future skills needs. The Review presents an important opportunity to improve outcomes for workers and employers alike, and TACC would welcome the opportunity to discuss these issues further.

Yours sincerely

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