

Queensland Local Government Workers Compensation Self- insurance Scheme

Trust Deed and Scheme Rules



Factsheet: Queensland Local Government Workers Compensation Self-insurance Scheme

Purpose of LGW

Queensland Local Government Workers Compensation Self-insurance Scheme (the 'Scheme') is a mutual scheme under which LGAQ acts as the members' agent to manage the members' self-insurance liabilities for workers compensation.

The object and purpose of the Scheme is to reduce the cost to members of claims by workers arising out of work-related accidents by delivering more efficient, effective and local government-focussed claims management, risk management and rehabilitation services to members and their workers

Governance

LGW is governed by a Trust Deed and Scheme Rules.

Trust Deed

A Trust Deed establishes a trust fund (the 'Trust Fund') for the benefit of members. LGAQ is the trustee of the Trust Fund.

Any declared surplus funds remaining after the payment of all claims, expenses and other amounts, or any estimated surplus, for a particular year, vest in LGAQ as trustee and are held in the Trust Fund together with all interest and income earned on that money (e.g. from investments) to be applied in accordance with the Trust Deed.

The Trust Fund may be applied, in LGAQ's discretion:

- to cover an actual or anticipated shortfall in the fund established under the Scheme Rules (the 'Fund') for a particular year or to reduce the level of member contributions for the particular year
- for another purpose that furthers or promotes one or more of the objects and purposes of the Trust Deed, e.g. developing and implementing programs for the management of the risk of injury to local government employees and the occupational rehabilitation of injured employees
- to pay costs, charges and expenses incurred in connection with the Trust Fund and the Trust Deed.

Scheme Rules

The Scheme Rules set out the mechanisms for administering Scheme, including:

- admission to membership and renewal of membership
- members' obligations
- commencement and closure of fund years
- determining a member's contributions
- management of self-insurance liabilities
- claims procedures
- payment of claims from the Fund
- withdrawal, default and cancellation of membership
- procurement of reinsurance cover

Fund

The Scheme Rules establish the Fund for the payment of:

- compensation payable under *the Workers' Compensation and Rehabilitation Act 2003*
- court judgments or settlements approved by LGAQ in respect of claims for damages, and associated costs in respect of claims made against a member of the scheme which arise out of an event that results in an injury to a worker of the member.

Members' contributions are paid into the Fund together with investment earnings and other income received by the Scheme for a particular year.

Membership

Admission to membership is governed by the Scheme Rules.

Membership may be offered to:

- all Queensland local governments
- particular entities specified in the Scheme Rules which were constituted or continued in existence under previous local government legislation, e.g. a joint local government, provided that they are (or are capable of being) a member of the same classification group employer as the local government members.

Members must hold a self-insurance licence under the *Workers' Compensation and Rehabilitation Act 2003*.

Members are bound by the Trust Deed, the Scheme Rules, and the self-insurance licence.

A member wishing to withdraw from membership of the Scheme must give prior notice in writing (*a withdrawal notice*) to LGAQ, at least 90 days before the expiry of a Fund Year. Upon receiving the withdrawal notice, LGAQ will apply to the regulator for a change in the group membership on the licence to remove the member from the group.

The member's withdrawal from membership will be effective on the date the regulator either approves the application for a change in the group membership or the regulator specifies in the regulator's written approval. The member must continue to pay to LGAQ the contribution payable for a Fund Year up until the change in group membership on the licence to remove the member becomes effective.

Management

LGAQ

LGAQ is broadly responsible for:

- holding the Trust Fund on the trusts set out in the Trust Deed
- carrying out the duties of the trustee specified in the Trust Deed
- carrying into effect the objects and purposes of the Trust Deed
- acting as the members' agent in relation to the management of their self-insurance obligations under the *Workers' Compensation and Rehabilitation Act 2003*

Some of LGAQ's responsibilities are carried out by a Committee (which is appointed under the Scheme Rules) and the Scheme Manager.

Committee

The Committee consists of at least four persons appointed by LGAQ including at least one senior executive of LGAQ.

The Committee supervises and manages the day-to-day business of the Scheme. Generally, the Committee is responsible for:

- achieving and implementing the objects and purposes of the Scheme
- ensuring, from a financial perspective, that the Scheme is viable

- in consultation with the Scheme Manager and other relevant persons, determine the Scheme Rules (including amendments to the Scheme Rules) as may be required from time to time
- preparing other documents governing the entitlements and the obligations of members, which includes:
 - ensuring claims against members are managed in compliance with the *Workers' Compensation and Rehabilitation Act 2003* and the conditions of the member's self-insurance licence
 - issuing instructions to the Scheme Manager to permit it to process claims
 - responsibility for the financial management of the Scheme.

Scheme Manager

JLT Risk Solutions Pty Ltd ('JLT'), a licensed insurance broker and manager, has been appointed by LGAQ to manage the Scheme.

JLT's role includes:

- making recommendations in relation to the annual operating budget, the calculation of contributions, and the limits of reinsurance cover
- negotiating reinsurance cover
- managing all claims against members which are accepted under the Scheme
- providing advice and recommendations about loss prevention, risk minimisation and rehabilitation policies and procedures
- keeping the accounts of the Fund
- reporting to the Committee.

Auditor

The accounts of the Scheme are audited annually.

The auditor prepares a report stating whether, in the auditor's opinion, the accounting records have been kept in accordance with generally accepted accounting principles. If the auditor is not satisfied with the accounting records, the report must state the auditor's reasons for not being satisfied with them.

This report is included in the Committee's annual report for the Fund and a copy of the annual report must be given to each member.