

Organisation name
National Insurance Brokers Association of Australia
Is your submission confidential?
No
Submission type
Have Your Say
What should be the priorities for a competition policy reform agenda to ensure that efficient businesses, large or small, can compete effectively and drive growth in productivity and living standards?
<p>A key policy priority for the Competition Policy Review is that "governments should not be a substitute for the private sector where markets are, or can, function effectively or where contestability can be realised".</p> <p>There are areas of the insurance sector where there are ongoing government monopolies, despite sound examples of effective private sector markets for these types of insurance.</p>
Are there unwarranted regulatory impediments to competition in any sector in Australia that should be removed or altered?
<p>Despite the major changes introduced following the National Competition Policy reviews, substantial areas of insurance continue to be provided in the public sector, with little or no opportunity for the benefits of competition to flow back to businesses or the community. The main areas where there are regulatory impediments to competition are the workers compensation schemes in Queensland, New South Wales, Victoria and South Australia.</p> <p>We note that terrorism insurance cover is currently provided via the Australian Reinsurance Pool Corporation, a Commonwealth Government agency. We also note that this organisation is regularly reviewed to determine whether a private sector market exists for the provision of terrorism insurance cover.</p>
Are government-provided goods and services delivered in a manner conducive to competition, while meeting other policy objectives?
<p>The underwriting of workers compensation insurance in Queensland, New South Wales, Victoria and South Australia is not delivered in a manner conducive to competition. Those jurisdictions do not have the benefits of competitive pressure for the underwriting and management of workers compensation insurance cover that exists in Western Australia, Tasmania, Northern Territory and Australian Capital Territory.</p>
Would there be a public benefit in encouraging greater competition and choice in sectors with substantial government participation (including education, health and disability care and support)?
<p>NIBA believes there is a real public benefit in encouraging greater competition in workers compensation insurance systems in Australia.</p> <p>The Competition Policy Review Terms of Reference note that "government should not be a substitute for the private sector where markets are, or can, function effectively or where contestability can be realised". NIBA respectfully submits that competitive markets are operating effectively - subject to appropriate regulatory oversight - in Western Australia, Tasmania, Northern Territory and the Australian Capital Territory.</p> <p>On this basis, there should be a presumption in favour of the workers compensation insurance markets in Queensland, New South Wales, Victoria and South Australia being reformed to allow greater competition in this area.</p>
Are the current competition laws working effectively to promote competitive markets, given increasing globalisation, changing market and social structures, and technological change?
<p>Current competition laws are not working effectively to promote competitive markets for workers compensation insurance in a number of Australian jurisdictions.</p> <p>Public sector workers compensation schemes also do not indicate signs of competitive neutrality in that</p>

the schemes would be unlikely to satisfy prudential regulatory requirements imposed on private sector insurance underwriters by the Australian Prudential Regulation Authority.

What institutional arrangements would best support a self-sustaining process for continual competition policy reform and review?

NIBA respectfully recommends comprehensive National Competition Policy type reviews of the public sector workers compensation insurance schemes to ensure the full benefits of competitive pressure can be realised in the jurisdictions where these schemes operate.