

Continued Improvement Of WorkCover Scheme

GOOD NEWS FOR EMPLOYERS & WORKERS

The NSW WorkCover Scheme returned another strong performance in the six months to June 2007 with independent Scheme actuary, PricewaterhouseCoopers, estimating the Scheme surplus to have increased to \$812 million.

In response to the Scheme's continued strong financial performance, the Premier announced that the Government would reduce premium rates for a fifth consecutive time and introduce a package of reforms to increase benefits for injured workers.

Over the two years since November 2005 premium rates have been reduced by an average 30 percent, saving New South Wales businesses \$785 million annually.

Premium Rate Reduction

The latest rate reduction of five percent is effective for all workers compensation policies commencing or renewing on or after 31 December 2007 and drops WorkCover's target collection rate to its lowest level in more than a decade. The new rates were gazetted in the Insurance Premiums Order (January-June) 2008.

The latest rate reduction does not apply uniformly across all WorkCover Industry Classification Rates. Unlike the four previous rate reductions, this five percent cut has been averaged across all industries, taking into account claims experience in each industry sector.

This means that not all premium rates have been reduced.

Where industry claims experience has improved, the entire industry has been rewarded with rate reductions of up to 10 percent. However, in circumstances where the whole industry's claims performance has been poor, there has been no change in the premium rate.

This reduction takes the target collection rate in New South Wales to 1.77 percent of wages. Only two States have a lower rate, however they do not

offer injured workers such a comprehensive suite of benefits.

Further Improvements Planned

In late 2007, the Government announced new WorkCover legislation. The legislation is designed to cut red tape for employers and better support injured workers. The legislation is to be presented to the New South Wales Parliament early in 2008.

Changes To Who Needs A Workers Compensation Policy

It is intended that from 30 June 2008 employers with annual wages \$7,500 or under will no longer be required to hold workers compensation insurance, except where an employer engages an apprentice or is a member of a Group for premium purposes. NSW households will also automatically be covered for workers compensation, if they pay \$7,500 or less to domestic staff.

A worker of an employer that is not required to hold a policy will still be covered for workers compensation and employers will still have the same obligations as they do now with regard to workplace safety and providing assistance with injury management and return to work.

The proposed changes will further align workers compensation obligations in New South Wales with those in Victoria.

Record Keeping Requirements

Under the announced legislation, record keeping requirements are also proposed to change. The period of time an employer is required to maintain wages records in New South Wales will be reduced from seven years to five years, aligning with the workers compensation requirements of Victoria and the Australian Taxation Office.

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