

Question on Notice

No. 324

Asked on Tuesday 22 March 2005

MRS PRATT asked the Minister for Employment, Training and Industrial Relations (MR BARTON)—

QUESTION:

With reference to workers compensation and the transport industry—

(1) As a constituent of mine has complained that after four successive phone calls to Queensland Rail the workers compensation premium quoted per employee went from \$450 per annum to \$1400 per annum and as the owner of the trucking business wishes to expand, will he explain why staff cannot give accurate and informative information to its customers?

(2) As the percentages of wages is apparently the benchmark for setting compensation insurance, why, with the same number of proposed new employees during an expansion stage, do they have to pay 4.5 per cent while an opposition company doing the same amount and type of work (vacuum truck operations) is charged at 1.3 per cent?

(3) As the constituent has now had to cut back on two staff and do the work himself as there seems to be no correlation between the size of the company (number of employees) and fees charged, what is the reason?

(4) What are the total number of trucking companies in Queensland currently paying the 1.3 per cent insurance and what is the average cost per company every year for the past three years?

ANSWER:

(1) I assume the reference to Queensland Rail should have been WorkCover Queensland. WorkCover Queensland calculates an employer's workers' compensation premium based on wages paid, rather than per employee. All staff receive extensive training to ensure employers are provided with accurate and consistent advice. In 2003-04, employer satisfaction with WorkCover services increased to 74.5% up from 71.8% based on independent customer satisfaction surveys.

(2) An employer's premium rate is calculated using a formula called Experience Based Rating (EBR). The premium rate is based on individual experience, wages, industry rates, the business size relative to the industry and the previous years' rate. Accordingly, it is possible for two employers in the same industry sector to have variations in the premium to be paid.

(3) Using the EBR formula, larger employers (ie. those paying more wages) have more weighting given to their claims experience. For smaller employers (ie. in terms of wages), the percentage rate is more closely related to the industry rate than claims experience. For example where a small business has a large claim, the EBR formula ensures that the premium payable by small employers is smoothed, rather than experiencing a significant increase from year to year.

(4)

Year	Rate less than 1.25%	Rate greater than 1.25% and less than 1.35%	Rate greater than 1.35%	Average %	Net premium rate for WIC 611012 %
2003/2004	63	5	4,223	4.09	3.586
2002/2003	75	4	4,061	3.98	3.586
2001/2002	81	6	4,009	3.77	3.586