

Question on Notice

No. 763

Asked on Thursday 11 May 2006

MRS MENKENS ASKED THE MINISTER FOR EMPLOYMENT, TRAINING AND INDUSTRIAL RELATIONS AND MINISTER FOR SPORT (MR BARTON)—

QUESTION

With reference to the new arrangements approved by the Government whereby the payment by employers of their annual accident insurance policy premiums to WorkCover Queensland will no longer be able to be made via an instalment plan, but must now be made by payment of the full 12 month fee upfront—

(1) Is he aware of the financial impost this is causing small to medium sized businesses?

(2) Will he guarantee that WorkCover premiums will reduce as a result of WorkCover's improved cash flow from its receipt of annual premiums as one up front payment from businesses?

ANSWER

(1) WorkCover Queensland advises that in accordance with s 11 of the *Workers' Compensation and Rehabilitation Regulation 2003*, instalment plans will continue to be made available to employers who demonstrate genuine financial hardship.

On 3 May 2006, WorkCover Queensland wrote to policyholders who have previously paid their premium using an instalment plan to advise that the payment of premium by instalments will not be automatic. Policyholders seeking to pay by instalment will be provided with the criteria used to assess financial hardship, including the requirement to provide written details of their financial position, a statement of assets and liabilities, and details of income and expenditure.

WorkCover Queensland's customer advisors also will personally contact these policyholders, as part of the premium forecasting season to advise them of other payment options and contact details of businesses providing insurance premium finance.

Policyholders will be sent their wages declaration form in late June and are required to lodge it by 31 August. WorkCover premiums are due on 30 September 2006, which provides policyholders with five months notice in order to plan their business affairs. In addition, to assist policyholders, WorkCover is extending the credit card payment option from a premium limit of \$5,000 to \$10,000.

(2) The setting of workers' compensation premiums is a matter for the WorkCover Queensland Board. Accordingly, it is not possible to give a guarantee that individual employer premiums will reduce as a result of improved cash flows. Individual employer premiums are calculated using on three factors—the workplace industry classification (WIC) rates, past claims experience, and wages growth.

The WorkCover Queensland Board announced in late January 2006 a significant reduction in the average premium rate of 16.1% for the premium year commencing 1 July 2006. The average premium rate was decided by the Board based on actuarial advice.

In dollar terms, the average workers' compensation premium rate will reduce to \$1.20 per \$100 wages paid from \$1.43 and is the lowest average premium rate in Australia, see below. This average premium rate provides a competitive advantage to Queensland businesses who trade interstate.

Qld	Vic	WA	NSW	Tas	SA	C'wealth
\$1.20	\$1.80*	\$2.13	\$2.17	\$2.45*	\$3.00*	\$1.77*

* 2005–06 rates