

19 November 2009

WORKCOVER CONSULTING ON NEW INCENTIVES

IMPORTANT - WorkCover consulting on new incentives

WorkCoverSA has formally informed the Australian Industry Group of its intention to terminate the longstanding Bonus/Penalty Scheme ('the **BP Scheme**') as at 30 June 2010. **Ai Group is urgently seeking member feedback on this important issue by 4 December 2009.**

The BP Scheme provides employers (that are not self-insured) with a financial incentive to prevent and reduce the cost of workplace injuries. Through the BP scheme, WorkCoverSA adjusts the base industry rate of a business location according to its claims experience.

Claims costs for that employer are then used to measure an employer's performance. Employers who maintain lower claims costs through safe work practices and by providing suitable alternative employment for injured workers are then rewarded with a lower levy. Penalties are applied to employers that perform poorly.

WorkCoverSA has previously sought to close the BP scheme, most recently in 2006. As EEASA, we strongly supported the retention of the BP scheme.

Having decided to terminate the BP scheme, WorkCoverSA is seeking input as to what any future incentive scheme might look like. That being the case, it has opened the first of two consultation periods – **requiring submissions by 18 December 2009** (so that they can be considered by the WorkCover Board in January 2010).

The first consultation paper can be located at:

<http://www.workcover.com/Home/Employers/Newincentivesconsultation.aspx>

This paper asks three questions:

1. Do you think there should be any financial incentives for employers in relation to workers rehabilitation and compensation?
2. What do you think about the proposed design principles?
3. Do you have any specific ideas for employer incentives that encourage return to work?

As part of the process, WorkCoverSA is seeking views and ideas about employer incentives that specifically focus on returning injured workers to work. This would be a significant change from the current prevention/OHS focus of the BP Scheme. WorkCoverSA argues that the BP Scheme does not encourage employers to help their injured workers to return to work. They also argue that there are too few penalties for employers who perform poorly in this area.

In this first consultation paper, WorkCoverSA has also proposed some core design principles for a new framework of incentives. As well, the paper sets out a few options for specific incentive models, based on the core design principles.

Summary

- WorkCoverSA intend to terminate the Bonus/Penalty Scheme on 30 June 2010
- WorkCoverSA are consulting as to any incentive replacement
- Ai Group continue to strongly support the Bonus/Penalty Scheme
- Ai Group are urgently seeking member comments and suggestions by 4 December
- Member comments to James Rock

Feedback

Ai Group (SA Branch) is collating member feedback to build a comprehensive submission to WorkCoverSA. Members should send their comments and suggestions to:

South Australia

James Rock
james.rock@aigroup.asn.au
 Ph: (08) 8300 0140

Advice No. SA_001_09

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 The Australian Industry Group

Feedback sought by Ai Group

Ai Group sees this as an important issue for its members that are not self-insured employers. We are keen to obtain members' feedback on two issues being:

1. Any comments about the loss of the BP scheme; and
2. Any submissions that members would like to make to us on the design of any future financial incentive scheme as outlined in the consultation paper, or indeed any other principles that should underpin an incentive scheme.

As final submissions are due by 18 December 2009, we would ask for **members' views to be forwarded directly to James Rock (james.rock@aigroup.asn.au) by no later than 4 December 2009.**

The second part of the consultation process is expected to take place in the first quarter of 2010.

If members have any questions about the paper, or the consultation process, please feel free to contact James Rock on (08) 8300 0140.



STEPHEN MYATT

Director - South Australia Branch