

10 March 2010

WORKCOVER AND THE BONUS / PENALTY SCHEME

Recently, Ai Group SA Branch was made aware of a decision made by the WorkCoverSA Board to terminate its employer levy incentive scheme (also known as the Bonus-Penalty Scheme) from 1 July 2010. WorkCover describes the Bonus Penalty Scheme (BP Scheme) as follows:

The Bonus/Penalty Scheme provides employers with a financial incentive to prevent and reduce the cost of workplace injuries. Through the scheme, WorkCover adjusts the base industry rate of a business location depending on its actual workers compensation claims experience. Claims costs are 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 can be rewarded with a lower levy. ...

In late 2009, WorkCover confirmed its intention to terminate the BP Scheme in June 2010 and released a discussion paper asking whether there should be any incentive scheme at all (Ai Group responded that there should); and if so, what its features should be.

In its submissions, Ai Group argued that the timeframes were too tight to properly model and trial a new incentive scheme before 1 July 2010. This appears to have been accepted. However WorkCover rejects our submission to continue to the BP Scheme for a further 12 months whilst any new model is trialled.

Ai Group was invited to a dedicated stakeholder forum on 26 February 2010. At that forum we became aware that:

1. The decision to cease the Bonus Penalty Scheme on 30 June 2010 is final and will not be revisited, revoked or deferred; and
2. WorkCover has not identified, trialled or modelled any new incentive scheme to replace the Bonus Penalty Scheme on 1 July 2010. It has not even identified the features of what any new scheme might be, given the constraints of its new IT system.

Prior to this most recent forum, Ai Group was of the understanding that if the Bonus-Penalty Scheme was to cease, a revised incentive scheme would be put in its place. Clearly, this will NOT be the case.

Ai Group has consistently opposed the Board's Decision. Regardless, WorkCover seems determined to proceed. **As a result, we understand that from 1 July 2010 there will be no incentive scheme in place for 'registered' employers** (employers that are not self-insured) and all employers will revert to their 'base industry rate' (as dictated by their SAWIC Code).

Ai Group are seeking your assistance on this important issue for SA employers through the completion of the short survey that is attached.

We would ask that you post, fax, or scan and email your completed survey and email to James Rock (james.rock@aigroup.asn.au) at the Ai group at your earliest convenience, but before COB, Friday, 26 March 2010.

The results of this survey will be used by the Australian Industry Group (SA Branch) for advocacy purposes. The information will only be disclosed to others as aggregated results. Any data that tends to identify individuals or their businesses will not be disclosed without the prior permission of the person that submitted it.

We look forward to receiving your completed survey as soon as possible. This will assist us to provide WorkCover and the new Government elected after March 2010 with factual information from the employers.

Should you have any queries on WorkCover's decision, or the survey, please do not hesitate to contact James directly on 08 8300 0140.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S Myatt', with a large, sweeping flourish at the end.

**Stephen Myatt
Director – SA Branch**



**AUSTRALIAN INDUSTRY
GROUP**

AUSTRALIAN INDUSTRY GROUP WORKCOVER SURVEY – EMPLOYER INCENTIVES

Prior to this survey, were you aware that the Bonus Penalty Scheme was to cease on 30 June 2010? **YES / NO**

If so, how did you become aware?

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Do you agree with the decision of WorkCoverSA to terminate the Bonus Penalty Scheme on 30 June 2010? **YES / NO**

What is your SAWIC Industry Code and your base industry rate%
(This information will be on your last levy notice).

Is your business in bonus or penalty and by how much? **BONUS / PENALTY**%

How many workers do you employ (for WorkCover reporting purposes)

Would it be your preference to retain the current Bonus-Penalty Scheme? **YES / NO**

If you could, would you modify the Bonus-Penalty Scheme or implement a new incentive scheme? **YES / NO**

If so, please outline the key elements that you would change:

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(OPTIONAL) Name & Company

Please post, or scan your completed survey and send to james.rock@aigroup.asn.au before COB, Friday, 26 March 2010. It can also be faxed (attention James Rock) to (08) 8300 0134.

The results of this survey will be used by the Australian Industry Group (SA Branch) for advocacy purposes only. It will only be disclosed to others as aggregated results. Any data that tends to identify individuals or their businesses will not be disclosed without the prior permission of the person that submitted it.