

**12th Accident Compensation
Seminar 2009** Rising to the Challenge

Melbourne 22nd – 24th November 2009



Institute of Actuaries of Australia



IMPLEMENTING LEGISLATIVE REFORM: THE SOUTH AUSTRALIAN STORY

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Presentation structure

- Why changes were necessary
- The changes
- The results

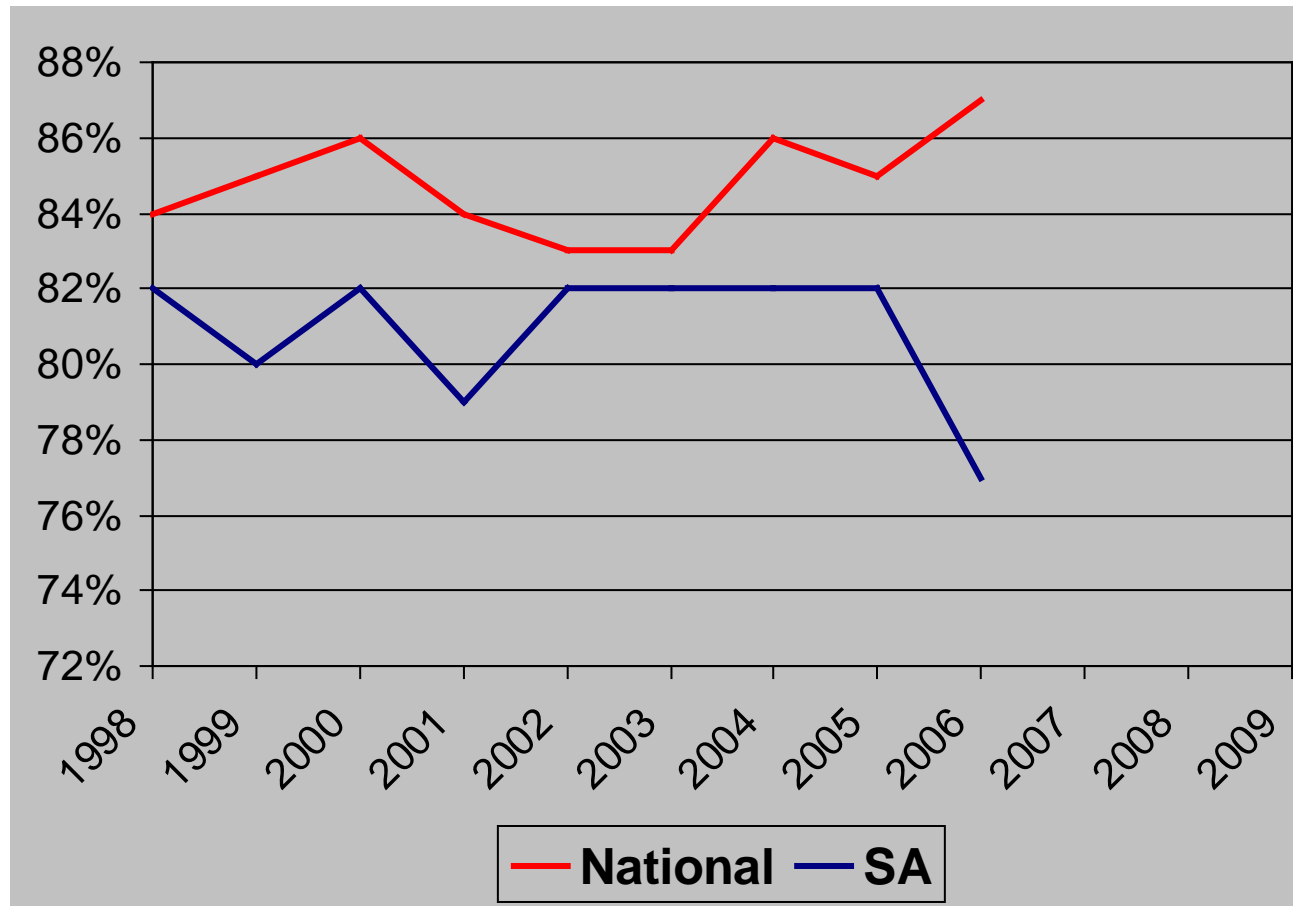


2006 - key issues

- Deteriorating financial position
- Over reliance on redemptions
- Poor return to work outcomes – more people staying on the scheme for longer

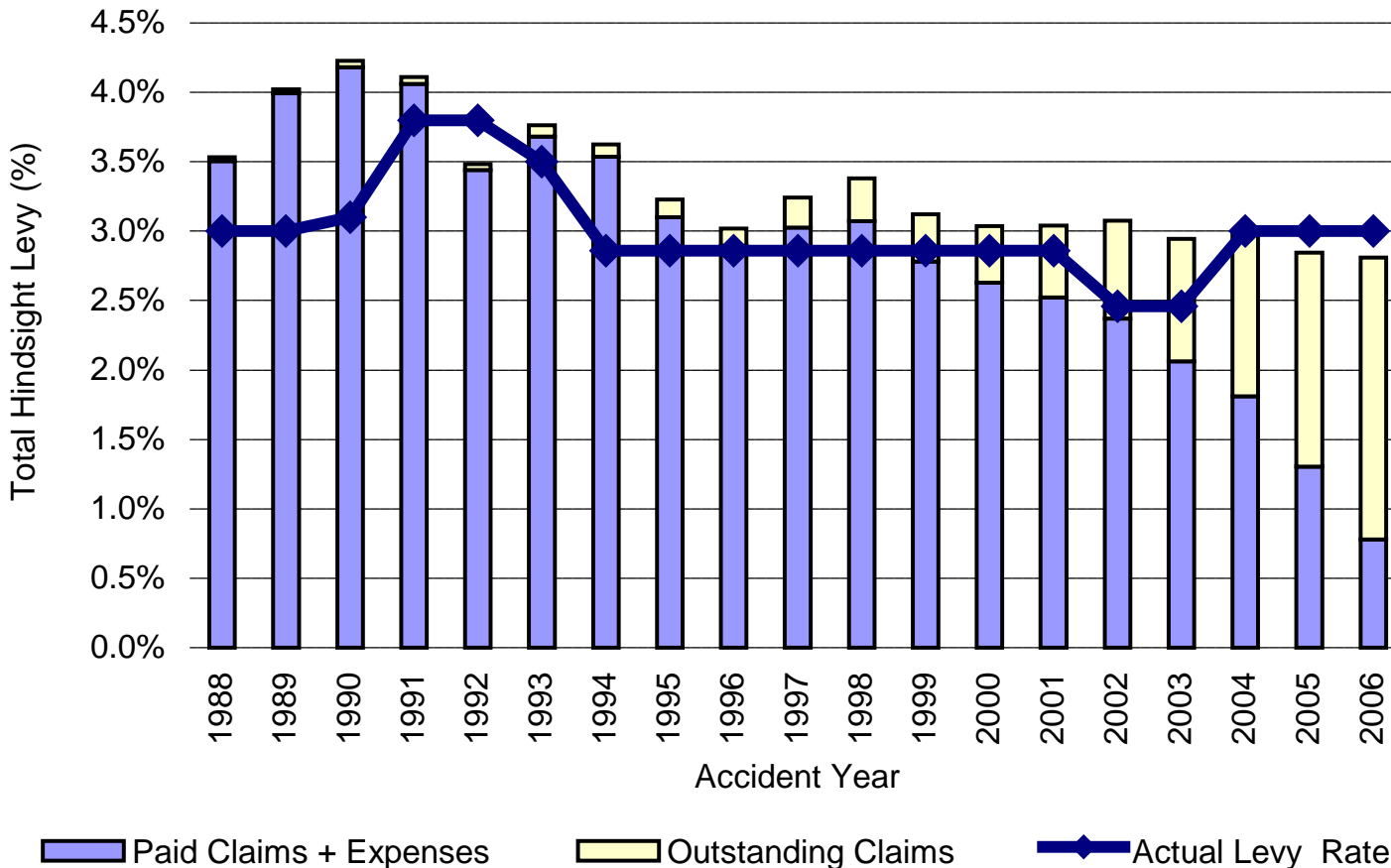


Poor return to work





Levy rates not covering costs



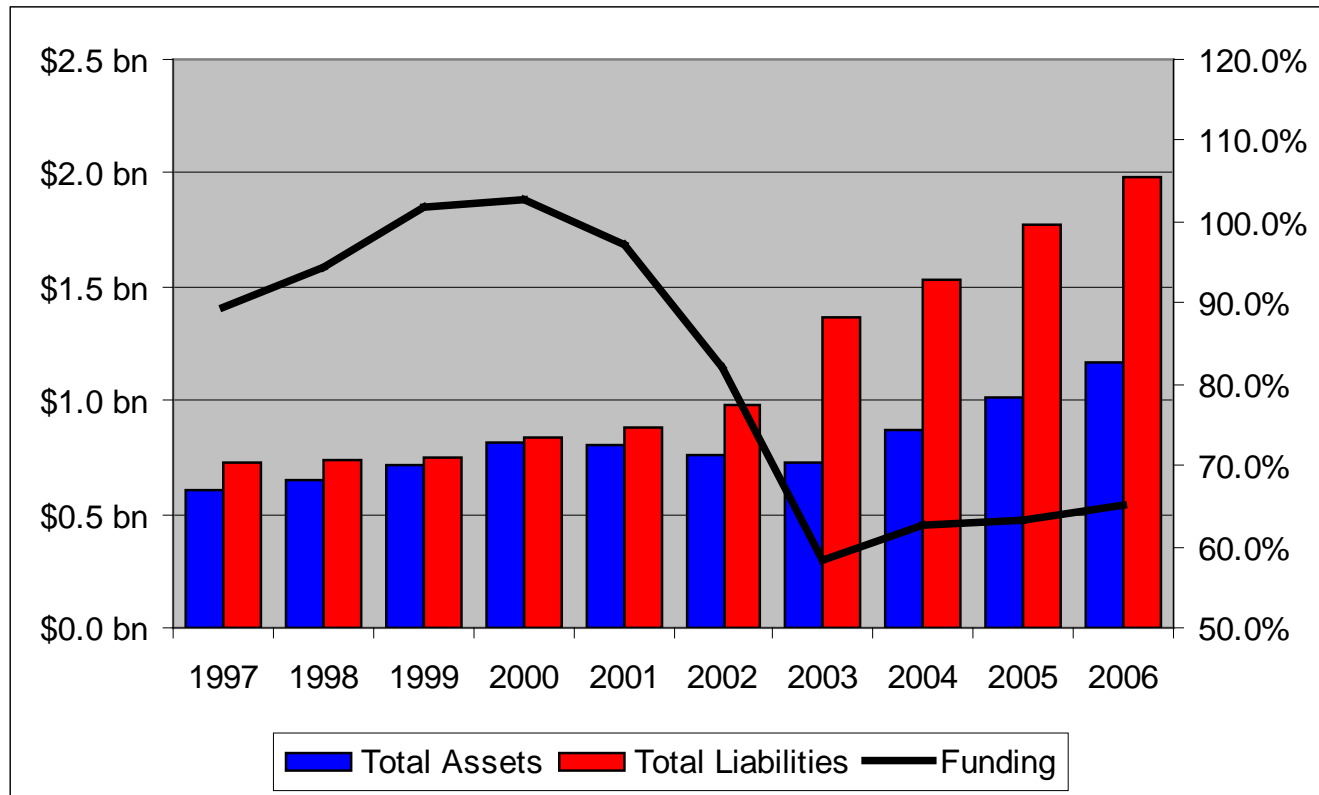


High premium/levy rates

Jurisdiction	Average levy/premium rate (%)			Funding ratio at 30/06/2006 (%)
	2004/2005	2005/2006	2006/2007	
South Australia	3.00	3.00 ↔	3.00 ↔	65
New South Wales	2.57	2.44 ↓	2.06 ↓	101
Western Australia	2.25	2.32 ↑	2.12 ↓	125
Victoria	2.00	1.80 ↓	1.62 ↓	119
Queensland	1.55	1.43 ↓	1.20 ↓	137



Financial position worsening





The changes

- Changes for employers
- Entitlements and payments for injured workers
- Dispute resolution
- Other changes
- Non-legislative reform
- Details – *www.workcover.com*



Employers

- Return to work coordinators
- Early reporting incentives
- Provisional liability – based on NSW
- Levy – payment in advance
- Levy – minimum remuneration of \$10,200



Entitlements

- Average weekly earnings simplified
- Weekly payments – step-downs
- Work capacity reviews – 130 weeks
- Non-economic loss – permanent impairment guidelines
- Non-economic loss – higher maximums
- Redemptions – heavily restricted



Dispute resolution

- Legal fee structure
- Medical panels
- Cessation of payments during disputes
- WorkCover Ombudsman

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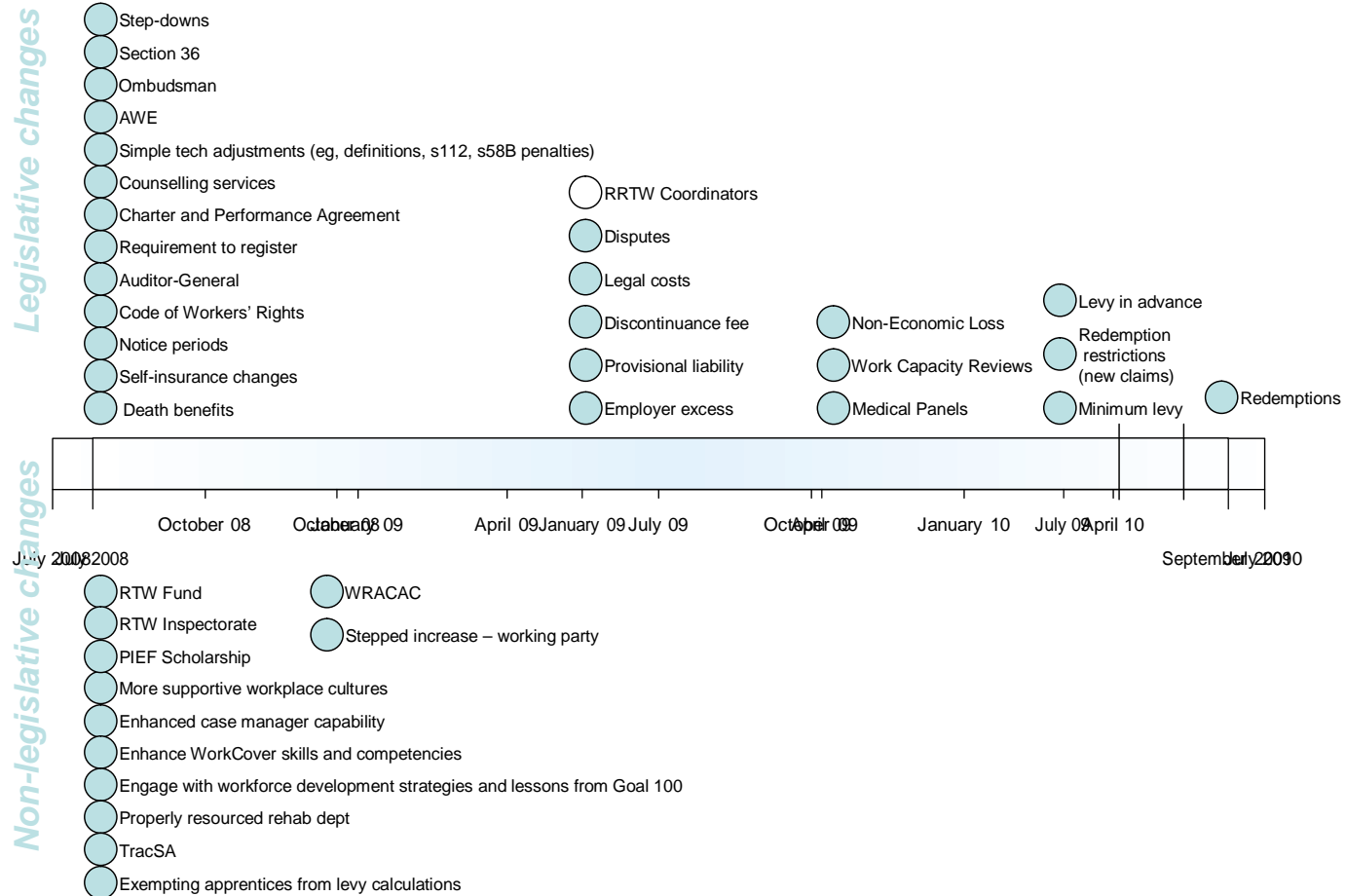
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Implementation





Results

- Too early to tell in many cases
- Early reporting improving
- Disputes improving
- Some positive indicators on return to work

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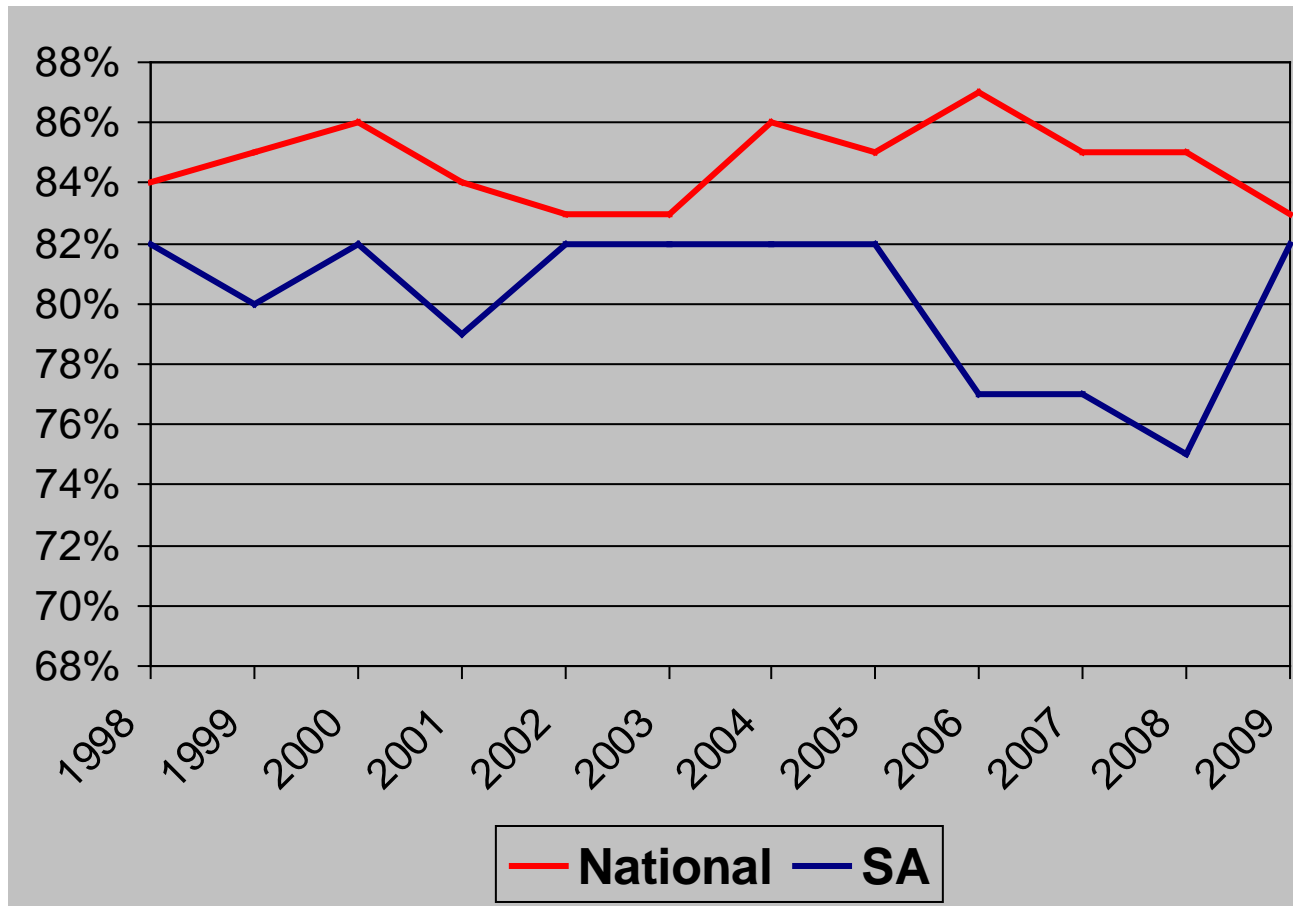
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Return to work



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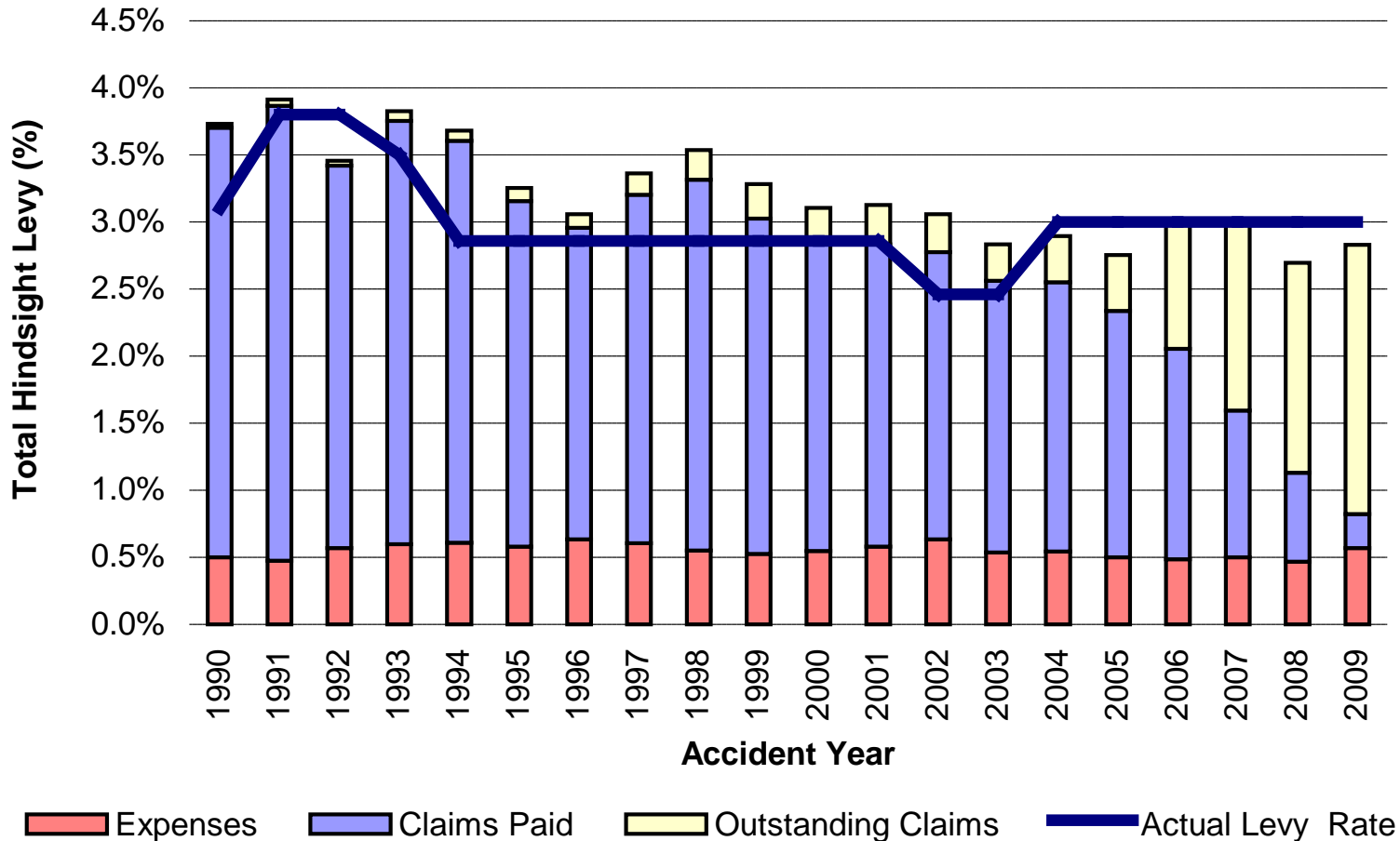
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Costs not changing yet





Financial position turning?

