



# **Barry O'Farrell MP**

## **Premier of NSW**

### **Minister for Western Sydney**

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## **MEDIA RELEASE**

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Wednesday 30 October 2013

### **FURTHER PREMIUM CUTS ON THE WAY FOR BUSINESS AS WORKCOVER RETURNS TO SURPLUS**

NSW Premier Barry O'Farrell and Minister for Finance and Services Andrew Constance today announced a further reduction to WorkCover premiums while confirming the scheme is now back in the black for the first time since 2008.

It means 200,000 employers across 376 industries will benefit from an average premium rate reduction of five per cent – saving them more than \$130 million a year.

Mr O'Farrell made the announcement at Aldridge Traffic Systems at Rhodes along with Mr Constance, Member for Drummoyne John Sidoti and Vice President of the NSW Business Chamber Tony Dormer.

“These reductions in WorkCover premiums show the NSW Liberals & Nationals Government is delivering on its commitment to support jobs and grow the state economy,” Mr O'Farrell said.

“The NSW Government's reforms are delivering a fairer system, with more generous payments being provided to severely injured workers and businesses receiving incentives to improve workplace safety,” he said.

“The premium cuts announced today are on top of an average 7.5 per cent rate cut that came in earlier this year for 167,000 employers.

“With these reductions combined, NSW businesses will receive an average 12.5 per cent rate reduction in the 2013 premium cycle, returning \$330 million to help grow the economy.

“The NSW Government's action to fix the scheme means no employer will receive a rate increase in 2013.

“These reforms are great news for a business such as Aldridge Traffic Systems which will receive a further WorkCover premium rate reduction of 7.5 per cent.”

Mr Constance said the former Labor government ran WorkCover into the ground, leaving behind an unsustainable scheme with a \$4.1 billion deficit.

“The NSW Liberals & Nationals were determined to clean up the mess left behind by our predecessors, and pleasingly, we've been able to put WorkCover back on a sustainable footing,” Mr Constance said.

“The NSW Government’s reforms are freeing up businesses to grow and are providing better support for injured workers to help them return safely to work sooner.

“Returning to work early and safely is good for recovery and helps workers regain financial independence sooner.

“Safe Work Australia has reported that in 2012/13, NSW’s return to work rate improved by three per cent to 88 per cent - making it higher than the national average of 86 per cent.

“This result is a key driver in WorkCover’s improved performance, with the scheme accumulating a \$309 million surplus as of 30 June 2013.

“This is a great result for the workers and employers of NSW. There is now adequate funding to protect injured worker payments while rewarding employers for good safety performance.”

Small employers are continuing to benefit from incentives introduced in June including:

- an Employer Safety Incentive (ESI) premium discount at each policy renewal
- a Return to Work Incentive for employers who have an injury in the workplace. An employer can retain their ESI discount provided injured workers return to work within 13 weeks
- an increased discount to five per cent for paying the premium in full by the due date.

The NSW Business Chamber estimated that without the NSW Government’s reforms to the WorkCover Scheme 12,600 jobs and job opportunities would be have been at risk.

“WorkCover’s improved financial performance proves that looking after people who are injured at work and lower premiums are not mutually exclusive,” Mr Dormer said.

“Apart from the reduced premiums, it is particularly pleasing there has been a reduction in the number of claims and the improvement in the return to work rate.

“NSW now has the best return to work rate in the country,” he said.

ENDS

## **WorkCover – case studies**

### **Transport Company in South West Sydney**

A small transport company in South West Sydney has a wages bill of \$455,000.

If the WorkCover scheme was not reformed, this employer would be paying a premium of \$44,924.

Under the NSW Government's changes, this business is receiving a rate reduction of 22.5 per cent, and will now pay a bill of \$20,324 with other discounts and incentives.

### **Electrical Services Company in Western Sydney**

An electrical services company in Western Sydney with a wages bill of \$851,020 would be paying a WorkCover premium of \$32,147 if the scheme was not reformed.

With a premium reduction of 22.5 per cent, safety incentives and a discount for paying their premium on time and in full, this business' workers compensation bill is now \$15,194.

### **Café in the Southern Highlands**

A café in the Southern Highlands has a wages bill of \$800,000.

Without the NSW Government's reforms, this employer would be paying a premium of \$31,692.

As a result of a premium reduction of 20.4 per cent, as well as other discounts and incentives, this business will now pay \$14,761.

### **Grain Farmer in Central West NSW**

A grain farmer in Central West NSW with wages of \$655,800 would be paying a premium of \$52,097 under the old WorkCover scheme.

Under the new scheme, this business will pay an estimated premium of \$23,528 as a result of a premium reduction of 22.5 per cent and other discounts and incentives.

### **Mine remediation business in the Hunter/New England area**

A small business remediating mine sites in the Hunter/New England area has a wages bill of \$626,576

Without the NSW Government's reforms, this business would be paying a premium of \$45,655.

Under the new scheme, this business is receiving a combined premium reduction of 21.9 per cent, and will pay an estimated bill of \$20,971 with other discounts and incentives.