

Consultation Paper  
Proposed changes to Premium Process

# Background

The *Return to Work Act 2014* (the Act) requires that registered employers pay a premium to ReturnToWorkSA for insurance cover for work injuries.

Currently, RTWSA calculates an employer's base premium as follows:

*(Estimated Employer Remuneration X Industry rate)*

*Estimated Employer Remuneration* is the remuneration the employer expects to pay for the upcoming year.

*Industry Rate* – all employers are classified by industry. The industry rate reflects the general level of work injury risk for that industry.

At present registered employers are required to provide an estimate of their remuneration, for each location where they operate, for the upcoming year and also provide their actual remuneration for the previous year.

The estimated remuneration is used to calculate the base premium for the upcoming year, as shown above.

The actual remuneration for the previous year is compared with the original estimated remuneration for that year, and where these differ, the premium is adjusted, resulting in refunds or additional amounts due.

## **The current process is too complex and onerous for employers:**

1. Employers are required to provide a lot of information in a short timeframe (3-4 weeks) at a busy time of year (July).
2. The initial premium payable based on estimated remuneration is subject to adjustment when actual remuneration is received at the end of the year, making it difficult for employers to budget and plan cashflow.

3. Employers whose premium is over \$2000 pay in 10 instalments, and under \$2000 pay in one payment. Employers are not given a choice about these payment arrangements.
4. Due to limitations in RTWSA's current online system, employer passwords for online submission of remuneration information are reset every year and the new password is posted out. This is inefficient, inconvenient, and a security risk.

# Proposed Changes

## **We propose to make a number of changes to improve this process for employers:**

1. Employers will no longer need to provide estimated remuneration for the upcoming year. Instead, actual remuneration for the previous year will be used to calculate premium for the upcoming year. This means that the amount of information employers need to provide will be halved.
2. We will extend the timeframe for employers to provide their information, from 3-4 weeks, to approximately 10 weeks (early July to mid September).
3. As a consequence of eliminating estimated remuneration, there will be no end of year adjustments to the premium paid (unless exceptional circumstances apply).
4. All employers will have a choice to make one annual payment or pay in instalments, regardless of premium dollar value. Due to the extension of time to provide remuneration information (point 2), there will be 9 payment instalments instead of 10.
5. RTWSA is updating its online system, and employer passwords will not be reset each year, or posted out. Employers will be required to register online once only as part of the transition to the new system. Further

information about this will be provided in early 2019.

The proposed base premium calculation is:

*(Previous Year Actual Employer Remuneration X Industry rate)*

## Key benefits for employers

1. Registered employers will no longer be required to submit a remuneration estimate for the upcoming year.
2. Additional time to prepare actual remuneration return.
3. Cash flow management - Employers will have certainty about their premium amount for the financial year and can choose to pay premium upfront or in nine equal instalments.
4. After a one-off registration process, employers will not have their password for RTWSA's online system reset each year.

## Other information

As the base premium will be determined on the previous year actual remuneration rather than estimated remuneration for the upcoming year, employers may, on occasion, need to notify ReturnToWorkSA if there is a significant difference in their remuneration between the previous and current years.

For example, a significant redundancy program, the addition/closure of a main location, or winning/losing a major contract could lead to significant increase or decrease in remuneration between two financial years.

If this occurs, the employer should notify ReturnToWorkSA and we will determine if the premium should be adjusted.

## Implementation and timing

If employers respond positively to the proposed changes outlined in this paper, we intend to implement the changes for 2019-20.

This means that an employer's actual remuneration for 2018-19, to be provided in July – September 2019, will be used to calculate their premium for 2019-20.

## Feedback

RTWSA is seeking employer views on the proposed changes and is attempting to contact all registered employers where we have up to date contact information.

A number of face to face information sessions will be held at ReturnToWorkSA. To book into a session, please go to our [website](#).

ReturnToWorkSA will also write to Employer Associations and offer to meet with them and their members during the consultation period.

Feedback can be provided via the [online survey](#) or via email to [premium@rtwsa.com](mailto:premium@rtwsa.com)

Information about the proposed changes can also be found on our [website](#).

**All feedback is very welcome and must be received by 5.00pm on Friday 16 November 2018.**



The following free information support services are available:

If you are deaf or have a hearing or speech impairment you can call ReturnToWorkSA through the National Relay Service (NRS):

- **TTY users** can phone 13 36 77 and ask for 13 18 55.
- **Speak & Listen (speech-to-speech) users** can phone 1300 555 727 and ask for 13 18 55.
- **Internet Relay users** connect to NRS on [www.relayservice.com](http://www.relayservice.com) and ask for 13 18 55.

For languages other than English call the Interpreting and Translating Centre on 1800 280 203 and ask for an interpreter to call ReturnToWorkSA on 13 18 55. For Braille, audio or e-text call 13 18 55.

**ReturnToWorkSA**

13 18 55

[info@rtwsa.com](mailto:info@rtwsa.com)

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