



McGrath Consulting

WORKERS COMPENSATION & OHS SPECIALISTS

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The latest in Change !

The VWA has now released more detail on the planned changes for the 2004/05 Premium Calculation.

You will shortly receive further detail from the VWA in relation to the premium changes for the 2004/05 financial year.

The detail is still not final, however the VWA is providing a forecast of next years premium, based on the new calculation formula.

The calculation will give an indication of which direction the premium is likely to head in the coming weeks, and these need to be thoroughly reviewed to ensure that the details are correct.

The most significant issue is now the estimates.

Statistical Estimates

In the next week or so, any employer with claims recorded in the past 3 years will receive a claims listing, along with the premium forecast based on the data as it currently exists.

This information needs to be reviewed thoroughly as there are still issues with the application of the new estimating model.

You will recall that the VWA has changed the process from estimates calculated by the Agents, to a model based on statistical analysis. The VWA has the view that this provides for a "more objective" approach to estimation.

We find it a little hard to accept that the assessment by an experienced claims manager, who has taken all issues in to account from his knowledge of the claimant and the employer can be less "objective" than a model based on simple statistics.

These claims need to be reviewed as there is only a very short window to challenge them if they are grossly wrong.

The costs are driven by coding on the system. I

Issues such as Return to Work status, outstanding compensation payments etc will all influence the estimate..

We have already seen some bizarre estimates such as the estimate of **\$200,000 for weekly payments** for a worker with a back injury. Given that the worker has **since died** through non-work related issues, it is difficult to see how this could ever be paid. We are currently running the argument with the VWA to test the models flexibility.

The reported costs need to be reviewed to consider that they are as low as they legitimately should be..

It will now unfortunately be more difficult for the majority of employers to understand the triggers to the estimate rules.

We are able to help, so If in doubt, please give us a call on **9750 0220** so we can assist you through the issues.



Failing to review premium issues effectively will see premiums continue to increase,

Industry Rates

There is always a degree of interest in how industry rates compare, and the changes in those rates.

Whilst the changes to the premium calculation formula make the effect of industry rates different between last year and this year, it is still worthwhile comparing the changes.

The industry rates have not been confirmed, however some of the current changes indications are:

Industry	Rate	Change
Date Processing	1.403%	+325%
Accounting Services	1.381%	+318%
Meat Products Mfg	11.762%	+ 40%
Horse Racing	7.108%	+118%
Paper Bags Mfg	6.312%	+ 183%
Tobacco Products Mfg	2.228%	- 68%
Beer & Wine Wholesale	1.249%	- 68%

It be a little sceptical, but we don't believe that there are actually any Tobacco Manufacturers in Victoria that are not self insured. On that basis, the reduction therefore wont achieve much.

The highest rate under these proposals is Meat Processing at 11.762 %

The lowest rate under the proposals is 0.818%

Previously the rates ranged from 8.4% down to 0.33%.

The highest increase is 390% and the greatest decrease is 68%.

Timetable

At this time of the year it can seem as though there is something arriving almost every day.

There is no doubt that the VWA has simplified some of the processes over recent times.

The VWA has announced the following dates:

Claims statements sent:	week 31 May
Request for payroll form:	late June
Premium notices & invoices:	August to September
Payroll form due:	30 July
Payments due:	from 1st October

If you have any issues with reviewing, completing or further understanding any documents you receive from your Agent, do not hesitate to give us a call.

Premium stability

For the past few years, the premium rate payable by employers with a payroll of less than \$1million has been frozen at the same rate.

In some instances this has assisted employers by keeping the premium lower, but in some cases has meant that the employer pays more than they otherwise would.

For this coming year, the **threshold for the stability program will be \$200,000.**

Employers above this amount will return to the premium as it is actually calculated.

Why pay more WorkCover premium than you should ???

McGrath Consulting was established to help clients develop strategies that help to:

- Minimise WorkCover premiums through correct workplace classification
- Improve workplace Health & Safety performance
- Minimise the cost and impact of claims through effective management
- Improve injury management outcomes

Our consultants' intention is to **NOT ADD COSTS** to your business.

Generally, we are able to reduce an employer's premium liability **through effective management**

In fact we are so confident about our ability to positively impact on our clients, we are prepared to review your current WorkCover, OHS and Injury Management programs **AT NO COST, unless we can show factual, identifiable savings.**

Our methodology is designed to assist clients to get the framework in place, to allow the client to manage the process going forward.

We look forward to working with you to improve the performance of your business, and would be pleased to receive your call at any time on
(03) 9750 0220 or e-mail
help@mcgrathco.com.au.



As an organisation grows, the management of many issues becomes more complex. McGrath Consulting can help to resolve these issues where they relate to OHS, WorkCover & the other human issues with the organisation.