

WORKCOVER CAMPAIGN FACT SHEET

Background

The Workers Compensation System in SA was designed in 1986 to provide rehabilitation and return to work for injured workers and also compensation for their injuries. The aim was to create a fair system for workers which neither blames the worker, or the employer and therefore contains no ability to sue for damages.

The scheme is funded through a levy on employers.

The finances of the scheme have not been good for some time due to the reduction of this levy by the previous Liberal Government, the outsourcing of claims to private insurance companies and general poor management.

When the Rann Government came to office they appointed a new Board which put in place a number of measures which have improved the funding position of the scheme but not the projected long term liability which is calculated by the actuary.

The levy paid by employers in SA is higher than in other states so there is pressure from business to reduce their levy payments.

Last year the Board made recommendations to the Minister to change the law by severely cutting workers entitlements in order to change the liability projection.

The Union Reps on the Board did not support these recommendations and put in a minority report.

The Minister announced a Review into the Board recommendations which reported to Government in late December 2007.

Without any consultation with Unions or the community (or Members of Parliament) a Bill was drafted and put into Parliament with the announcement that the Government would also move to reduce employer levies.

► What does the Government Bill propose?

- 13 weeks after injury salary is reduced by 20% if not yet returned to work.
 - Nearly all workers kicked off all payments if still on WorkCover 2 and a half years after the injury. This will be retrospective so anyone currently on the scheme will be affected.
 - Payments for loss of limb or body function significantly reduced.
 - If a worker disputes a decision about a WorkCover claim they will have their pay suspended while they are in dispute. No financial penalty on employers who dispute.
 - No increased penalties for employers who do not take their injured workers back and no penalties for service providers who do not fulfill their obligations to return people to work.
 - Reduction of democratic control of Parliament with bits of legislation now set through WorkCover policy.
 - Removal of the obligations for employers to find work that is similar to the previous work of injured workers making it easier to give them the bad jobs and force them out.
 - No ability to sue employers for negligence or damages.
 - Levy cut for employers
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► What does it mean for injured workers?

If the Bill proceeds, injured workers will have their pay cut and their rights reduced. Although most work injuries are fixed in under 13 weeks some take longer. These workers will have to live on 20% less pay while they recover and this will add financial stress. Low paid workers will be paid lower than the legal minimum wage.

At 2 and a half years there will be a work capacity test and if there is any capacity to work even if they do not have a job, then the worker will be kicked off payments. This part of the Bill is retrospective so anyone currently on the scheme would be affected. These people will be forced onto Commonwealth benefits.

It is likely that workers would no longer be able to afford to complain if they are not happy with the way their workers comp claim is dealt with as they will have their pay suspended if they do so.

► What does it mean for employers?

There will be a reduction in their costs as their levy payments will be reduced. Also there is a reduction in their obligations to employ their injured workers, no financial penalty for doing the wrong thing by their workers and it is possible that they will not bother much with supporting workers to return to work or get better because they know that if they wait 2 and a half years the worker will be off the scheme anyway.

Those employers who currently are self insured and do not have financial problems with their workers compensation will get a windfall as they will have their obligations significantly reduced.

► What do the unions want?

Firstly we want meaningful negotiations with the Government which should have happened before the Bill was drafted or placed in Parliament. We want to minimize the impact of any changes to the law on injured workers and ensure that any changes are balanced between the interests of injured workers and employers.

We also want to help with the financial issues facing the scheme by

- Improving the management of injured workers including ensuring that the agent, rehab provider, medical profession and lawyers all do their jobs well with a focus on speedy safe return to work.
 - Ensure that employers are penalized for not giving suitable duties for their injured workers.
 - Improving access for injured workers to retraining.
 - Improving occupational health and safety to prevent injuries in the first place.
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► What about the unfunded liability?

In simple terms, the unfunded liability is the balance between the assets of WorkCover and the future payments to injured workers which are an estimated over the next 40 years by an actuary.

The actuary uses complex calculations, based on a range of assumptions, to make an estimate of the value in current dollars of all the costs associated with current claims. This is an amount the actuary expects will be paid over the life of those claims, but is not payable today, tomorrow or even this year.

The unfunded liability does not effect the state economy or the AAA rating.

► Is it still the fairest scheme in the country?

The Premier has said that this scheme would still be the fairest in the country if these changes are made. This is not true. Most of these changes are modeled on the Victorian system which was introduced by Jeff Kennett. The big difference is that Victorian workers are able to sue their employer for negligence and damages. This means that they can receive payments from their employer on top of workers comp payments. This also means that employers often take out additional insurance on top of their Workers compensation levy which means they pay more.

Yes this Bill would make it "fairer" for employers but not the fairest for workers.

► What's the timeframe?

If the Liberal party supports this Bill it could be made law before July this year. That is why it is important that we campaign publicly and ensure

► What can be done?

We need to let the Premier know that he should not proceed with the bill in its current form.

Join the campaign. Go the website saveworkcovernow.wikispaces.com.

You can assist by writing letters to the Premier, your MP, signing the petition, helping with leafleting, talking to your friends, family and workmates and joining in with the public actions.