

Safety, Rehabilitation and Compensation Act 1988
Section 97E

PREMIUM DETERMINATION GUIDELINES 2013

The Safety, Rehabilitation and Compensation Commission ('Commission') has prepared and issues the following guidelines to the Chief Executive Officer of Comcare under subsection 97E(1) of the *Safety, Rehabilitation and Compensation Act 1988* ('SRC Act'). These Guidelines replace any previous guidelines for the determination of premiums under the SRC Act prepared and issued by the Commission.

This instrument commences on the day after it is registered.

DATED this 3rd day of December 2013

Cameron Dick
Chairperson

Cameron Dick

1. In determining the workers compensation premiums payable by Entities and Commonwealth authorities ('Agencies') under the SRC Act in respect of a financial year, Comcare shall:
 - (a) comply with section 97A of the SRC Act and any relevant directions by the Minister under section 73 of the SRC Act; and
 - (b) save for any inconsistency with the matters referred to in paragraph (a), comply with the following guidelines –
 - i) The worker's compensation scheme under the *Safety, Rehabilitation and Compensation Act 1988* is to be fully funded on a year-by-year basis.
 - ii) Premium rates should respond to claim performance while avoiding excessive fluctuations on a year-by-year basis.
 - iii) Significant long-term cross-subsidisation between Agencies should be avoided.

- iv) Methodology for calculation of premiums in one year should be used to calculate penalty and bonus amounts in the following year (regardless of whether the methodology has been varied in the interim).
- v) Impact of claim performance and other variable costs on premiums must be transparent and explained to Agencies.
- vi) Indicative rates for premiums should be advised to Agencies in time for consideration in the context of Agencies' budgets for the following financial year.
- vii) Adjustments due to correction of data should only be made if identified before finalisation of the charge to which they relate.
- viii) Significant changes to premiums methodology will be explained to Agencies
- ix) Comcare will seek to avoid inequitable "rate shock", as far as practicable, in the movement of premium rates for a customer between consecutive years.
- x) Comcare will report to the Commission each year on the performance of the system for determining and collecting premiums and seek the Commission's endorsement of changes to the premiums model.

NOTES:

1. 'Entity' and 'Commonwealth authority' are defined by section 4 of the SRC Act and, by reason of a declaration made under section 4A of the SRC Act the Australian Capital Territory is a Commonwealth authority.
2. Premiums fund Comcare's lifetime claim liabilities and claim management expenses in respect of injuries suffered by employees of Agencies during the financial year the premium relates to.
3. Section:
 - (a) 97J of the SRC Act provides for the review by Comcare, at the request of an Agency, of a premium determination under section 97 of the SRC Act;
 - (b) 97K of the SRC Act provides for the further review by the Commission, at the request of an Agency, of a premium determination under section 97 of the SRC Act that has been reviewed by Comcare under section 97J of the SRC Act; and
 - (c) 97M of the SRC Act provides for the variation by Comcare, in certain specified circumstances, of a premium determination.
4. When :
 - (a) reviewing a premium determination under section 97J of the SRC Act or varying a premium determination under section 97M of the SRC Act, Comcare will need to consider whether the premium determination being reviewed or as varied complies with section 97A of the SRC Act and these guidelines; and
 - (b) reviewing a premium determination under section 97K of the SRC Act, the Commission will need to consider whether the premium determination being reviewed complies with section 97A of the SRC Act and these guidelines.