
Media enquiries: Simone Williams, WorkCoverSA – (08) 8238 5733 or 0412 500 048

Monday, 29 March 2010

WorkCover announces reduction in levy rate

WorkCoverSA has reported a \$148m improvement in its financial position and a drop in the average levy rate which will be welcome news for the State's employers, with the release of new figures today.

The unfunded liability has decreased from \$1.059bn at June 2009 to \$911m at December 2009. This compares with an unfunded liability of \$1.298bn at December 2008. The latest actuarial valuation received by the WorkCover Board shows the Scheme is now 62.8% funded - an improvement of 6 percentage points compared with 30 June 2009 when the Scheme was 56.7% funded.

Julia Davison, CEO WorkCoverSA said this is the second time in a row there has been a drop in WorkCover's unfunded liability.

"Over the last twelve months world financial markets have stabilised and the impact on the South Australian economy is less than first predicted. We have recouped much of our investment losses and this time round the economic factors that had fluctuated wildly over the last 12 months have had a negligible impact on the Scheme's liabilities," she said.

For each of the last four actuarial valuations (received every six months) WorkCover has improved upon the actuary's projections - by close to \$50m at June 2008 and December 2008, by close to \$100m at June 2009 and by close to \$40m at December 2009.

Ms Davison explained that with financial results moving in the right direction, WorkCover is able to deliver a reduction in the average levy rate to 2.75% for 2010-11.

"This will ease some of the financial burden that has been expressed by the State's employers and is in line with the Government's commitment to reduce the rate to between 2.25% and 2.75% following the introduction of legislative reform."

Return to work remains pivotal to the long term future of the Scheme and WorkCover, Employers Mutual and other Scheme stakeholders are working hard to improve return to work rates in South Australia.

“While we welcome the good news of our results we recognise there is still a way to go and by working together we continue to improve case management and return to work outcomes for our State’s injured workers and their employers,” Ms Davison said.

Summary of results from 30 June 2008 to 31 December 2009

	6 months to 30 June 2008	6 months to 31 December 2008	6 months to 30 June 2009	6 months to 31 December 2009
Unfunded liability	(\$984m)	(\$1.298bn)	(\$1.059bn)	(\$911m)
Scheme funding ratio	60.8%	51.7%	56.7%	62.8%
Overall Profit/(Loss)	(\$73m)	(\$313m)	\$238m	\$148m
Significant contributors to the overall result				
Savings on claims liability ¹	\$46m	\$51m	\$102m	\$37m
Impact of economic factors	\$13m	(\$188m)	\$138m	(\$7m)
Investment income/(losses)	(\$80m)	(\$149m)	\$13m	\$138m

Media enquiries: Simone Williams, WorkCoverSA – (08) 8238 5733 or 0412 500 048

¹ The savings on the claims liability for a period is the difference between the projected liability at the start of the period, the actual liability at the end of the period and the payments made in the period.