

# Administration of the Self-insured Fee Consultation Paper

# Background

The *Return to Work Act 2014* (the Act) requires that self-insured employers pay a fee to ReturnToWorkSA, representing a fair contribution towards the costs associated with the operation of the Return to Work Scheme.

Each year, we are required to calculate the fair contribution amount for self-insured employers and express that contribution as a percentage of the base premium that would otherwise be payable by the employer if they were not self-insured. This is known as the **self-insured fee rate**.

The self-insured fee rate is calculated as follows:

*(Estimated Employer Remuneration X Industry rate<sup>1</sup>) x (fair contribution amount/base premium) expressed as a percentage.*

Self-insurers are currently required to estimate their remuneration for the upcoming year in June and then reconcile their final remuneration against their estimated remuneration for the previous year in July.

Differences between the estimated and final reconciled remuneration, as well as changes to remuneration estimates throughout the year, generate fee adjustments.

Our view is that the current process is too complex. Frequent adjustments are made due to the timing of the process and movements in employer remuneration or industry rates. Under or over collection of the fair contribution amount can occur as a result. This is inefficient, lacks transparency, and is unfair to self-insurers.

## Proposed Changes

We propose to simplify the process used to calculate and collect the self-insured fee.

It is proposed that self-insurers will no longer need to provide estimated remuneration for the upcoming year. Instead, previous year *reconciled* remuneration

will be used to calculate the base premium and self-insured fee rate for the next financial year.

The calculation of the self-insured fee rate will therefore occur after the end of the financial year, and will be completed in time for the first fee instalment notice to be sent to self-insurers before the end of August.

The proposed self-insured fee rate calculation is:

*(Previous Year Reconciled Employer Remuneration X Industry rate) x (fair contribution/base premium) expressed as a percentage.*

## Benefit of changes

**Self-insured employers will no longer be required to submit a remuneration estimate for the upcoming year.**

As the self-insured fee rate will be determined later than at present, final budgets and average premium rates and industry rates can be used, eliminating some of the current variation in the process.

## Impact of changes

As the self-insured fee will be determined based on previous year reconciled remuneration rather than estimated remuneration for the upcoming year, self-insurers may, on occasion need to notify ReturnToWorkSA if there is a significant difference in their remuneration between the previous and future financial years.

For example, the shutdown of a facility, a significant redundancy program, or the acquisition or sale of a corporate entity could lead to significant increase or decrease in remuneration between two financial years.

If this occurs, the self-insurer should notify ReturnToWorkSA in writing and we will determine whether the self-insured fee for that employer for the current year should be adjusted.

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<sup>1</sup> Estimated remuneration x Industry rate = Base Premium

# Consultation

If you have any questions about the information in this paper, please contact Rob Byrne, Technical Lead Insurer Performance, at [selfinsured@rtwsa.com](mailto:selfinsured@rtwsa.com) or on 08 8238 5970.

We are seeking the views of all self-insured employers on the proposed changes outlined in this paper. Please provide your feedback via email to [selfinsured@rtwsa.com](mailto:selfinsured@rtwsa.com) or via the form attached to this consultation paper.

All feedback is due by close of business, Friday 11 May 2018.

Once feedback has been received and considered, we will confirm whether the proposed changes will proceed.



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**

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