

# WorkCover average premium rate 2023-24

## FACTSHEET

### Introduction

All Victorian workers and employers benefit from a sustainable WorkCover Scheme that supports the prevention of workplace harm and can adequately help those who are injured to recover and return to work.

The Scheme is funded by premiums paid by employers across all sectors and industries, including Government departments and agencies, and businesses large and small.

Individual premium rates are calculated as a percentage of remuneration. The target average premium rate for WorkCover has not increased for more than 20 years and has remained unchanged since 2014-15, when it was lowered.

To ensure WorkCover can cover the cost of claims, it is now necessary for average premiums to increase.

This, combined with other steps the Government is taking to modernise WorkCover, will ensure that the scheme can remain viable in the long term and injured workers can get the support that they need to recover and return to work.

### What is the WorkCover average premium rate for 2023-24?

In 2023-24 the target average premium for WorkCover will move to 1.8%, up from the previous average rate of 1.27%. This is a general figure only.

The actual rate varies for individual employers based on their sector, size and workers compensation claims experience.

Rates for each industry will be released in the near future.

### When are premium rates increasing?

The premium rate for 2023-24 will be effective from 1 July 2023. If you are an employer, you will receive your premium renewal notice in July.

### Why are premium rates increasing?

Premiums have not increased in more than 20 years and the only changes since 2000-01 have been reductions. In recent years, premiums have been kept low in order to ease the burden businesses were facing during the pandemic.

However, the increasing gap between premiums paid and the cost of claims is threatening the scheme's long term ability to fulfil its purpose to support injured workers while they recover and return to work.

Premiums are only one part of modernising the WorkCover Scheme. The package the government has announced is aimed at addressing underlying drivers and improving return to work performance.

Boosting assistance to help workers get back to their job, find a new position or prevent them leaving in the first place is good for workers and business. It will help them to avoid the negative health impacts of being disconnected from work long-term and help to keep business premiums lower.

## **How are premiums calculated?**

Employer premiums are calculated as a percentage of the annual remuneration they pay to their workers. Employers with total remunerations of \$200,000 or less pay a premium based on an industry rate. There are over 500 WorkCover industry rates, which are determined by the relative risk profile of each industry.

Employers whose total remuneration is more than \$200,000 also have their individual workers compensation claims experience taken into account.

## **Will all employers' premiums rise by the same amount?**

Changes to industry risk profiles and claims experiences means individual employers' premiums will always vary. However, with the average target premium rate increasing across all industries, most employers can expect a rise in their premiums.

## **Why are premiums increasing when some businesses already have to pay a mental health levy?**

The mental health and wellbeing surcharge – a recommendation of the Royal Commission into Mental Health – is collected by the State Revenue Office to provide a stable and dedicated form of additional funding for the mental health system.

WorkCover premiums are entirely separate from the mental health and wellbeing surcharge, and provide for weekly payments and medical and like expenses for injured workers, irrespective of the type of injury they have sustained.

## **Will raising the average rate help the sustainability of the WorkCover scheme?**

A rise in the average premium rate is required to ensure WorkCover can fund its long-term liabilities. Recently announced plans to modernise the workers compensation scheme will also ensure it can continue to fulfil its purpose of helping injured workers recover and return to work.

## **Where can I find more information about WorkCover premiums?**

WorkCover insurance is compulsory if you employ workers in Victoria and pay, or expect to pay, more than \$7,500 in remuneration in a financial year, or if you engage apprentices and trainees.

Information about WorkCover premiums can be found on the [WorkSafe website](#). If you are an employer, your WorkCover agent can also help answer questions about your individual premium.

## **Where can I find more information about other changes to WorkCover?**

Changing the average premium rate is just one step the Victorian Government is taking to ensure WorkCover is able to service workers, employers and the community into the future. You can read more about the Victorian Government's plans to modernise WorkCover and other initiatives being introduced to support those with mental injuries on the [WorkCover Modernisation page](#).