

CABINET MINUTE

BRISBANE, 7 / 10 / 1985

DECISION NO.

47212

SUBJECT: SURPLUS - WORKERS' COMPENSATION BOARD OF
QUEENSLAND - DISTRIBUTION OF BONUSES

(Submission No. 42537)

Copies Received at 9:30 a.m. 4 / 10 / 1985 MR. LESTER

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1	GOVERNOR		21	Decision File	
2	SIR JOH BJELKE-PETERSEN		22	E + 1A	
3	MR. GUNN	A/C	23	TREASURY	30 Copy of relevant submission attached
4	MR. HINZE		24	PREMIERS	
5	MR. WHARTON		25	PSB	
6	MR. GIBBS		26		
7	MR. AHERN		27		
8	MR. LANE		28		
9	MR. GLASSON		29		
10	MR. AUSTIN		30		
11	MR. POWELL		31		
12			32		
13	MR. TURNER		33		
14	MR. LESTER	A/C	34		
15	MR. TENNI		35		
16	MR. HARPER		36		
17	MR. MUNTZ		37		
18	MR. McKECHNIE		38		
19	MR. KATTER		39		
20	Master File		40		

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C A B I N E T M I N U T E

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Brisbane, 7th October, 1985

Decision No. 47212

Submission No. 42537

TITLE: Surplus - Workers'
Compensation Board of
Queensland - Distribution of
Bonuses.

CABINET decided:-

That in pursuance of the provisions of the Workers' Compensation Act 1916-1983, the approval of the Governor in Council be sought for the appropriation of funds as detailed in paragraph 6 of the Submission.

CIRCULATION: Department of Employment and Industrial Affairs and copy to Minister.
Treasury Department and copy to Deputy Premier and Minister Assisting the Treasurer.
All other Ministers for perusal and return.

Correct
Certified True Copy



Rolius
Secretary to Cabinet.



Submission No. 42537

Copy No. 21

FOR CABINET

RE: SURPLUS - WORKERS' COMPENSATION BOARD OF QUEENSLAND -
DISTRIBUTION OF BONUSES

1. The Final Accounts of the Workers' Compensation "Fund" for 1984/85 have been prepared by the Board's Accountant and were considered at a special meeting of the Board on 27 September 1985.
2. These indicate a net surplus in the "Fund" of \$40,522,378 made up as follows:

Underwriting Surplus	\$ 11,455,001
Investment Income	\$ 29,246,704
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	\$ 40,701,705
Depreciation on Freehold Property	\$ 82,689
Expenses - Property Holdings	\$ 96,638
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	\$ 40,522,378
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3. This surplus is not sufficient to allow a Merit Bonus at the levels ranging from 2½% to a maximum of 60% as has applied for a number of years. However, the surplus plus an adjustment to the Bonus account of \$4m appropriated from the previous year's surplus to the General Reserve will allow a Merit Bonus Distribution ranging from 2% to a maximum of 50% and also a distribution of surplus in the Industrial and Mining Diseases (Section 14B) Underwriting Account. It is still considered that a maximum merit bonus of 50% is a real incentive to encourage safety by individual employers.

4. The overall surplus as at 30 June 1985 has been affected by the following -

- (a) Total amount for overall Claims Paid increased by 11.9%
- (b) New Common Law Claims Intimated increased by 46.8%
- (c) Payments for Common Law Claims increased by 29%
This has been affected by larger Court Awards.
- (d) Intimated Outstanding Common Law Claims increased by 15.4%
- (e) Provisions for unsettled Common Law Claims increased by 40%
- (f) Overall provisions for Claims in course of settlement and Claims expected not notified increased by 18.5%

5. A comparison of the proposed range of Merit Bonus to that previously applying is as follows -

	<u>1983/84 Wages</u>	<u>1984/85 Wages</u>
<u>Claims Ratio</u> <u>Per Centum</u>	<u>Merit Bonus</u> <u>Per Centum</u>	<u>Merit Bonus</u> <u>Per Centum</u>
Under 5	60	50
5 and under 10	55	45
10 and under 15	50	40
15 and under 20	40	35
20 and under 25	35	30
25 and under 30	30	25
30 and under 35	25	20
35 and under 40	20	15
40 and under 45	10	8
45 and under 50	5	4
50 and under 55	2.5	2

It is estimated the overall expenditure for Merit Bonuses based on the levels ranging from 2% to 50% for 1984/85 will be \$44m.

6. The Board has recommended to me:

(a) The surplus as at 30 June 1985 be
be appropriated as follows:

Bonus Distribution	\$ 39,562,773
Surplus - Industrial and Mining Distribution	\$ 959,605
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	\$ 40,522,378

(b) The balance of \$1,031,057 in the Bonus
Account be carried forward and distributed
with Merit Bonuses for 1984/85.

(c) The balance of \$1,107,082 in the Industrial
and Mining Distribution Account be carried
forward and distributed in 1985/86.

(d) An amount of \$4m appropriated from previous
year's surplus to the General Reserve be
reappropriated to Bonus Distribution to 30
June 1985. This adjustment will leave the
General Reserve at \$18m.

7. The matter has been discussed with officers of the Treasury
Department who concur with these proposals.

8. IT IS THEREFORE RECOMMENDED that in pursuance of the provisions
of the Workers' Compensation Act 1916-1983, the approval of the
Governor in Council be sought for the appropriation of funds as
detailed in paragraph 6 above.

VINCE LESTER
MINISTER FOR EMPLOYMENT
AND INDUSTRIAL AFFAIRS

BRISBANE.

4 October 1985