The Territory Government and Territory employers will share the worker's compensation burden created by the collapse of the HIH insurance company, Minister for Employment, Education and Training Syd Stirling said today.

Mr Stirling said the Government had developed a rescue package to protect employers and employees of the more than 1,250 Territory employers that took out workers compensation cover with HIH before it’s collapse.

"Using legislation put in place by the former Government, a HIH levy of 4% will be placed on workers compensation premiums," he said.

"The NT Government will shoulder close to half the financial burden by committing an estimated $800,000 per year to the Nominal Insurer, which administers the HIH claims, on top of the $9 million it has already contributed.

"Under the rescue package, employers will pay an average of just under $1 per week per full time employee. The $1 per week figure is based on the average workers compensation premium of 2.913% of wages costs and the NT average weekly full time wage of $827.80.

"Depending on how many people they employ, around 84% of Territory employers will pay a levy of between $0 and $4 per week."

WA and Tasmania, which have similar workers compensation systems to the NT, have already set levies of 5% and 4% respectively. Proportionately, the Northern Territory had the most businesses covered by HIH.

"The collapse of HIH has been an unfortunate fact of life that governments across Australia have had to deal with," Mr Stirling said.

"In response to the HIH collapse, the previous Government made a repayable loan to the Nominal Insurer – if this had remained the extent of the government's contribution, employers would have been facing a 10% levy impost.

"This Government recognises that any additional cost burden on business is unwelcome, which is why we have delivered on our commitment to keep the impact on employers as low as possible."

The expected amount for the overall liability left by the HIH collapse is in the range of $39m-$49m, depending on the claims made.

Mr Stirling said the funds raised by the HIH levy and collected by insurance companies would be exclusively paid to the Nominal Insurer to address the HIH liability, while the Government will pay it contributions directly to the Nominal Insurer.

"It is expected that it will take between 11-13 years to clear the liability. As soon as it is clear the levy will be lifted," he said.

Background to HIH Levy

- Around 1,250 Territory businesses had insurance cover with HIH, with more than 650 workers compensation claims made by injured workers employed by those businesses. There are currently 195 active workers compensation claims.

- Figures provided the Department of Business, Industries and Resource Development show that the Territory has around 8,100 businesses. Of those businesses, around 6,800 employ 0-4 persons, 800 businesses employ 5-19 persons, and 500 employ over 20 persons.
Under the Government’s rescue package, 84% of Territory businesses will have to pay a levy of between $0 and $4 per week.

In Tasmania the government is making a proportionately similar annual contribution but did not make an up front payment as occurred in the NT. In WA there is no government contribution.

On current estimates if the total liability is around $39m the government will contribute close to $18m made up by the one off injection of $9m and annual contributions of around $0.8m over 11 years.