

WORKPLACE RELATIONS MINISTERS' COUNCIL

Comparative Performance Monitoring Report



Comparison of occupational health and safety and workers'
compensation schemes in Australia and New Zealand

9th Edition

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and workers' compensation schemes
in Australia and New Zealand

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Important Notice

The Department of Education, Employment and Workplace Relations through the Australian Safety and Compensation Council (ASCC) provides the information given in this document to improve public access to information about occupational health and safety information generally. The vision of the ASCC is Australian workplaces free from injury and disease. Its mission is to lead and coordinate national efforts to prevent workplace death, injury and disease in Australia.

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Foreword

The Labour Ministers' Council, now known as the Workplace Relations Ministers' Council (WRMC), released the first Comparative Performance Monitoring (CPM) report in December 1998. The CPM reports provide trend analysis on the occupational health and safety (OHS) and workers' compensation schemes operating in Australia and New Zealand. Information in the report is designed to help gauge the success of different approaches undertaken by the various workers' compensation and OHS authorities to reduce the incidence of work-related injury and disease. This is the ninth annual report of the CPM project.

The CPM is complemented by the *Compendium of Workers' Compensation Statistics* which provides more detailed analysis of national workers' compensation data using key variables such as occupation, industry, age and gender with supporting information on the circumstances surrounding work-related injury and disease occurrences. The Compendium series can be found at www.ascc.gov.au.

Statement of purpose

Provide measurable information to support policy making and program development by governments on OHS and workers' compensation, to meet the goal of Australian and New Zealand workplaces free from injury and disease and to enable durable return to work and rehabilitation for injured and ill workers. The information should provide:

- (a) measurement of progress against national strategies
- (b) identification of factors contributing to improved OHS and workers' compensation performance (which includes consideration of resources), and
- (c) measurement of changes in OHS and workers' compensation over time, including benchmarking where appropriate.

Changes to the report this year

A number of changes have been made to the current CPM report from the information published in the previous report.

- (i) Jurisdictional data are now shown in the graphs in magnitude order.
- (ii) A new indicator has been included to measure jurisdictional progress against the *National OHS Strategy 2002–2012*.
- (iii) Expenditure data are now provided for each scheme showing claims management costs and payments to injured workers.
- (iv) The level of entitlements section has been extended to provide the proportion of pre-injury earnings a worker would receive for a selection of incapacity periods.
- (v) The definition of remuneration for premium rates now includes superannuation due to the majority of employers now paying premiums using this definition.
- (vi) A new indicator, premium rates by industry, has been added and all industry information grouped into one chapter, Chapter 6.
- (vii) A feature article using data from the Australian Bureau of Statistics' *Work-Related Injuries Survey* has been included at Appendix 3.

Data

Readers should be aware that data presented here may differ from jurisdictional annual reports due to the use of different definitions and the application of adjustment factors to aid the comparability of data. Explanatory commentary on the data items are contained within each chapter with additional information included in Appendix 1 - Explanatory Notes, at the end of this publication.

Data for this report are collected from:

- the various workers' compensation schemes and OHS authorities as follows:
 - New South Wales — WorkCover New South Wales
 - Victoria — WorkSafe Victoria
 - Queensland — Workplace Health and Safety Queensland, Department of Employment and Industrial Relations and Q-COMP
 - Western Australia — WorkCover Western Australia and WorkSafe Division, Department of Consumer and Employment Protection
 - South Australia — WorkCover Corporation South Australia and SafeWork SA
 - Tasmania — Workplace Standards Tasmania and WorkCover Tasmania
 - Northern Territory — NT WorkSafe and Department of Employment, Education and Training
 - Australian Capital Territory — Australian Capital Territory WorkCover and the Office of Regulatory Services within the Department of Justice and Community Services
 - Australian Government — Comcare
 - Seacare — Seacare Authority (Seafarers Safety, Rehabilitation and Compensation Authority), and
 - New Zealand — Accident Rehabilitation and Compensation Insurance Corporation.
- the Australian Heads of Workers' Compensation Authorities' *Return to Work Monitor*, the full results of which can be accessed at hwca.org.au/reports_rtw.php, and
- the Australian Bureau of Statistics, which provides denominator data, based on the *Labour Force Survey*, the *Survey of Employment and Earnings* and the *Survey of Employment, Earnings and Hours*.

Coordination

This report has been compiled and coordinated by the Office of the Australian Safety and Compensation Council (ASCC), Department of Education, Employment and Workplace Relations with assistance from the CPM Technical Group, comprised of representatives from all OHS and workers' compensation authorities in Australia and New Zealand.

The ASCC is made up of representatives from each Australian state and territory, the Commonwealth, the ACTU and ACCI. The role of the ASCC is to lead and coordinate national efforts to improve OHS and workers' compensation arrangements, declare national standards and code of practice for OHS and provide policy advice to the Workplace Relations Ministers' Council on OHS and workers' compensation arrangements. The ASCC is not a regulatory authority and does not make or enforce laws. OHS laws in Australia operate in each of the state, territory and commonwealth jurisdictions, and are administered by jurisdictions' OHS authorities.

Contents

Foreword	III
Summary of findings	VII
Chapter 1 – Progress against the National OHS Strategy	1
Injury and musculoskeletal target	2
Jurisdictional progress	2
Fatalities target.....	3
International comparison.....	4
Chapter 2 - OHS performance	5
Serious claims	5
Long term claims	7
Duration of absence	8
Compensated fatalities	9
Notified fatalities	11
Claims by mechanism of injury/disease	12
Claims by size of business.....	13
Chapter 3 – Enforcement	14
Chapter 4 – Workers’ compensation premiums and entitlements ...	18
Standardised average premium rates	18
Entitlements under workers’ compensation.....	19
Chapter 5 – Workers’ compensation scheme performance.....	23
Assets to liabilities ratio	23
Scheme expenditure	24
Durable return to work	27
Disputation rate.....	28
Dispute resolution	29
Chapter 6 – Industry information	31
Claims by industry	31
Premium rates by industry	31
Appendix 1 – Explanatory notes	34
Appendix 2 – Key features of Australian Workers’ Compensation Schemes	44
Appendix 3 – Work related injury survey	46
Appendix 4 – Jurisdictional contact information	48

Summary of findings

Performance against the *National OHS Strategy 2002–2012*

The reduction in the incidence rate of injury and musculoskeletal claims between the base period (2000–01 to 2002–03) and 2005–06 was 13%, which is below the rate of improvement required to meet the *National OHS Strategy 2002–2012* (the National OHS Strategy) target of a 40% reduction by 2011–12. An improvement of at least 16% was required in 2005–06 to be considered ‘on track’ to meet the target. NSW is the only jurisdiction to have exceeded this level of improvement, recording a 21% improvement, though the Australian Government recorded a 15% improvement, and Seacare and South Australia recorded a 14% improvement. Considerable efforts will be required by all jurisdictions if the target is to be met.

While fatality incidence rates had shown more encouraging levels of improvement in previous reports, the number of fatalities recorded for 2005–06 is higher than in previous years, decreasing the percentage improvement from the base period. The incidence of compensated fatalities from injury and musculoskeletal disorders decreased by 8% from the base period to 2005–06. While this is still ‘on target’ to meet the 20% reduction required by 2011–12, a further 2% reduction is required to meet the interim target of a 10% reduction by 2006–07. The fatality incidence rates show considerable volatility and consistent improvement is required.

The National OHS Strategy also includes an aspirational target for Australia to have the lowest work-related traumatic fatality rate in the world by 2009. Analysis of international data indicates that in 2004–05, Australia recorded the sixth lowest injury fatality rate, with this rate decreasing more quickly than many of the best performing countries in the world. However, despite this improvement, it is unlikely that Australia will meet the aspirational goal unless substantial improvements are recorded in the next few years.

OHS performance

There has been a fall of 14% from the rate of 18.2 claims per 1000 employees reported in 2001–02 to the rate of 16.8 claims per 1000 employees reported in 2004–05. The preliminary workers’ compensation claims data for Australia indicate that in 2005–06 the incidence of serious injury and disease claims was 15.6 claims per 1000 employees. It is expected that this rate will increase by around 3% when the liability on all the claims submitted in 2005–06 is determined.

There have been 231 compensated fatalities recorded so far for Australia for 2005–06, of which 184 were from injury and musculoskeletal disorders and 47 were from other diseases. It is expected that this number will rise slightly when all claims are processed. The number of compensated fatalities has decreased from 316 recorded in 2001–02 to 254 recorded in 2004–05.

The preliminary workers’ compensation claims data for New Zealand indicate that in 2005–06 the incidence of serious injury and disease claims was 13.3 claims per 1000 employees. New Zealand recorded an 11% increase in incidence rates from 2001–02 to 2004–05, though the New Zealand rate remained lower than Australia. One reason for this is that the New Zealand scheme does not provide the same level of coverage of occupational diseases (such as work-related mental disorders) as Australia. There were 92 compensated fatalities in New Zealand in 2005–06, down from 103 recorded in 2004–05 but still an increase on the 68 recorded in 2001–02.

Body stressing continued to be the mechanism of injury/disease which accounted for the greatest proportion of claims (42%). Claim numbers for this group have shown little change over the past five years. This mechanism is receiving attention under the National OHS Strategy. Claims for *Mental stress* recorded the greatest percentage increase of all mechanism groups: 12% over the period from 2001–02 to 2004–05. These claims represent 6% of all serious claims.

In 2005–06 over 114 000 inspections of workplaces were undertaken around Australia with 67 200 notices issued, over 900 prosecutions commenced and almost \$23 million in fines handed out by the courts.

The highest incidence rates were recorded in the Manufacturing industry (28.6 claims per 1000 employees) followed by the Transport and storage industry (28.3), the Agriculture, forestry and fishing industry (25.9) and the Construction industry (25.3). All these industries together with the Health and community services industry, are receiving attention under the National OHS Strategy.

Workers' compensation scheme performance

Australia's standardised average premium rate fell 9% from 2.16% of payroll in 2003–04 to 1.96% of payroll in 2005–06. Most jurisdictions recorded falls over this period. While the Australian Government scheme recorded a 9% increase over this period, it still recorded the lowest premium rate of all jurisdictions at 1.22% of payroll in 2005–06.

The New Zealand standardised average premium rate was 0.94% of payroll in 2005–06, a small increase on the previous year which recorded 0.91% of payroll, though still lower than Australia's rate. One reason for the lower rate in New Zealand is that it does not provide the same level of coverage for occupational diseases as Australia provides.

In 2005–06 the Australian average funding ratio rose to 115%, the first time it has been over 100% since the CPM began compiling these data. Stronger investment performances have contributed to this increase with five of the eight Australian schemes recording improvements from last year. A number of schemes have also introduced reforms which have helped reduce liabilities. Western Australia recorded a notable fall from 125% to 113% following improvements to benefits.

In 2005–06, Australian workers' compensation schemes expended \$5799 million, of which, 52% was paid direct to the injured worker in compensation for their injury or illness and 22% was expended on medical and other services costs. Claims management expenses made up 18% of the total expenditure by schemes, up from 14% in 2001–02.

The durable return to work rate continued to increase with 80% of workers returning to work in 2005–06 following a work-related injury or disease. South Australia was the only jurisdiction to not record an improvement in return to work rates.

The rate of disputation on claims fell to 8.6% of claims in 2005–06, down from 9.0% in 2004–05. The Northern Territory and Tasmania recorded the largest percentage falls in disputation rates. The time taken to resolve disputes has not shown any improvement since 2001–02.

Chapter 1 – Progress against the National OHS Strategy

The National OHS Strategy provides the framework for collective efforts to improve Australia's OHS performance. The National OHS Strategy sets national targets to reduce the incidence of work-related fatalities by at least 20% and reduce the incidence of workplace injury (including musculoskeletal disorders) by at least 40% by 30 June 2012. Interim targets to be achieved by 30 June 2007 are to reduce work related fatalities by 10% and to reduce workplace injury by 20%.

A standard definition of 'serious claims due to injury or musculoskeletal disorders' has been used for analysis to enable greater comparability in the jurisdictional data. Serious claims include all fatalities, all permanent incapacity claims (as defined by the jurisdictions) and temporary claims for which one or more weeks of time lost from work has been recorded. This definition takes into account the different employer excesses that exist in the various schemes.

Achievements against the national targets for injury and fatality are measured using the *National Data Set for Compensation-based Statistics* (NDS). The baseline for the national targets is taken from the data for the three-year period 2000–01 to 2002–03. Note that this is a change from the single year (2001–02) used as the base year in the previous publication. This move was motivated by the desire to publish jurisdictional level data where one year of data may not be typical. A three-year base period will smooth much of this volatility, resulting in a more typical starting point at which to measure progress against the targets. Another change from the previous publication is the cessation of the use of preliminary data in preference to using the most recent updated information. While the base period data are considered stable, revisions are likely for the more recent years. To ensure a more accurate measure of improvement is calculated, the most recent year of data have been projected forward to indicate the likely incidence rate once updated data are received.

Since its adoption in May 2002, the National OHS Strategy has informed the work and strategic plans of all Australian OHS authorities as well as driving the work of the Australian Safety and Compensation Council (ASCC) in the area of OHS. The ASCC is working to achieve the goals of the National OHS Strategy through a variety of means including developing and reviewing national OHS standards and codes of practice, supporting the development of national OHS units of competency to be included in all vocational education training, encouraging excellence in OHS through National Safe Work Australia Awards and improving the collection and analysis of OHS data and research to inform policy and the development of regulatory frameworks.

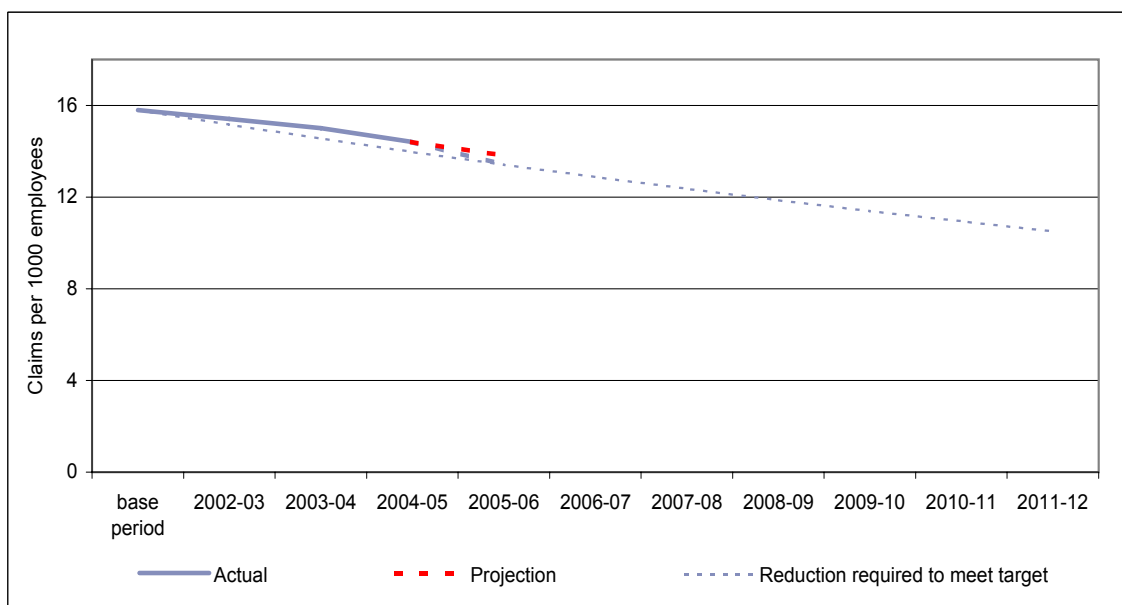
National compliance and intervention campaigns initiated by the Heads of Workplace Safety Authorities (HWSA) demonstrate the emergence of coordinated and collaborative national programs relating to the priority risks and industries under the National OHS Strategy. National campaigns undertaken in 2005–06 covered a range of areas such as demolition/asbestos in the Construction industry, hazardous substances in Manufacturing (particularly boat builders using fibreglass reinforced products), agricultural plant manufacturers, suppliers and importers, and creating a national register of incidents involving amusement devices. Further national campaigns are underway or planned in the areas of large mobile plant, manual handling in manufacturing and labour hire in the food processing industry.

All parties to the National OHS Strategy are committed to achieving a steady improvement in OHS practices and performance and a corresponding decline in both incidence and severity of work-related injuries.

Injury and musculoskeletal target

Indicator 1 shows there was a 13% improvement recorded in the incidence of injury and musculoskeletal claims between the base period (2000–01 to 2002–03) and projected 2005–06 data. This is below the rate of improvement needed to meet the long term target of a 40% improvement by 2012. An improvement of at least 16% would need to have been recorded for 2005–06 to be considered 'on target'. Therefore the rate of decline in the incidence of claims will need to accelerate in future years if the target is to be achieved.

Indicator 1 – Incidence rate of serious* compensated injury and musculoskeletal claims, Australia, base period (2000–01 to 2002–03) to 2005–06



* Includes accepted workers' compensation claims for temporary incapacity involving one or more weeks of compensation plus all claims for fatality and permanent incapacity.

Jurisdictional progress

Indicator 2 shows how the jurisdictions are progressing towards the injury target. To be 'on target' jurisdictions would need to have recorded a 16% improvement from the base period. New South Wales was the only jurisdiction to exceed this level, recording a 23% improvement. The Australian Government recorded a 15% improvement while Seacare and South Australia both recorded improvements of 14%. The Australian Capital Territory is the only jurisdiction that did not record an improvement from the base period, while the Northern Territory recorded no change.

Changes to scheme operations since the base period can affect the percentage improvements shown in this indicator. Reforms to the Australian Capital Territory Private Scheme introduced during the base period have resulted in a higher level of reporting of claims since 2001–02. This has resulted in a comparatively low base period incidence rate, making achievement of the target more difficult.

Indicator 2 – Incidence rates (claims per 1000 employees) and percentage improvement of serious* compensated injury and musculoskeletal claims by jurisdiction

Jurisdiction	Base period	2002–03	2003–04	2004–05	2005–06 preliminary	2005–06 projected	Percentage improvement (%)**
New South Wales	19.0	18.2	17.5	16.8	14.3	14.7	22.6
Australian Government	9.5	9.5	9.8	9.0	7.7	8.1	14.7
Seacare	35.6	31.8	35.2	21.4	30.0	30.6	14.0
South Australia	18.8	17.9	18.3	17.8	15.6	16.2	13.8
Victoria	12.1	10.9	10.8	10.2	10.7	11.1	8.3
Queensland	17.1	17.6	16.3	15.8	15.9	16.4	4.1
Western Australia	12.9	13.2	13.5	13.5	12.2	12.5	3.1
Tasmania	16.4	16.4	15.8	16.1	15.6	16.1	1.8
Northern Territory	13.3	12.8	13.0	13.4	13.0	13.3	0.0
Australian Capital Territory	13.7	15.0	16.9	14.1	13.7	14.2	-3.6
Australia	15.8	15.3	15.0	14.4	13.4	13.8	12.7

* Includes accepted workers' compensation claims for temporary incapacity involving one or more weeks of compensation plus all claims for fatality and permanent incapacity.

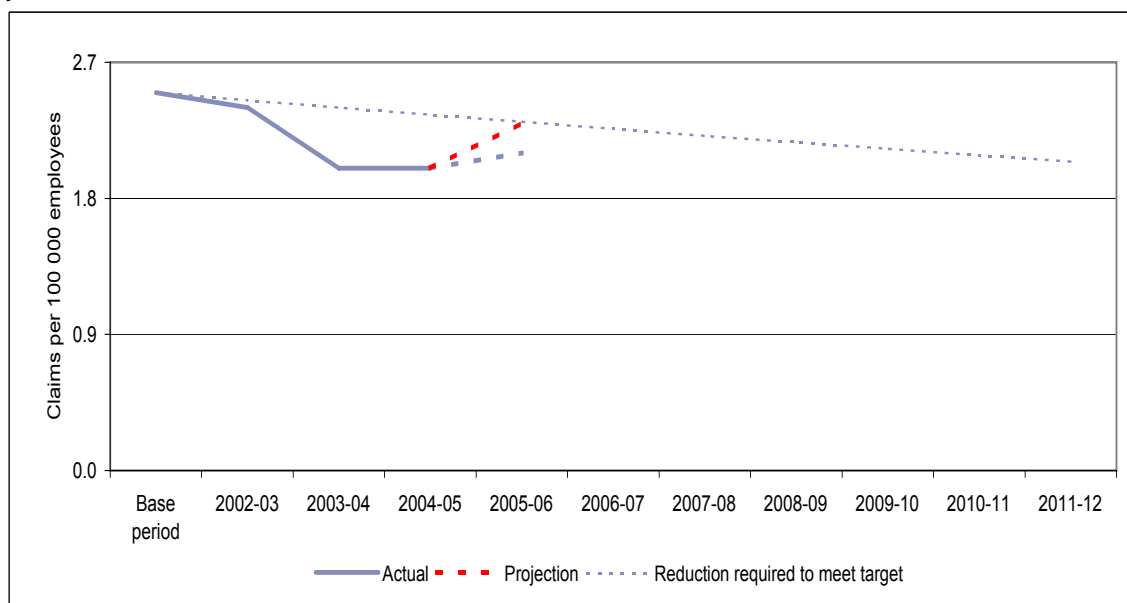
** Percentage improvement from base period (2000–01 to 2002–03) to 2005–06 projected

Fatalities target

Indicator 3 shows progress towards the fatalities target. These data show that the incidence rate of compensated fatalities from injuries and musculoskeletal disorders has decreased 8% from the base period. While this is still 'on target' to meet the 20% reduction required by 2011–12, a further 2% reduction is required to meet the interim target of a 10% reduction by 2006–07. The graph below shows the volatility in this measure and consistent improvement is still required.

Note that a table of jurisdictional improvements in fatalities has not been included due to the volatility of these data. Information on the number of fatalities recorded by each jurisdiction can be found in Indicator 10.

Indicator 3 – Incidence rates of compensated injury & musculoskeletal fatalities, Australia, base period (2000–01 to 2002–03) to 2005–06



International comparison

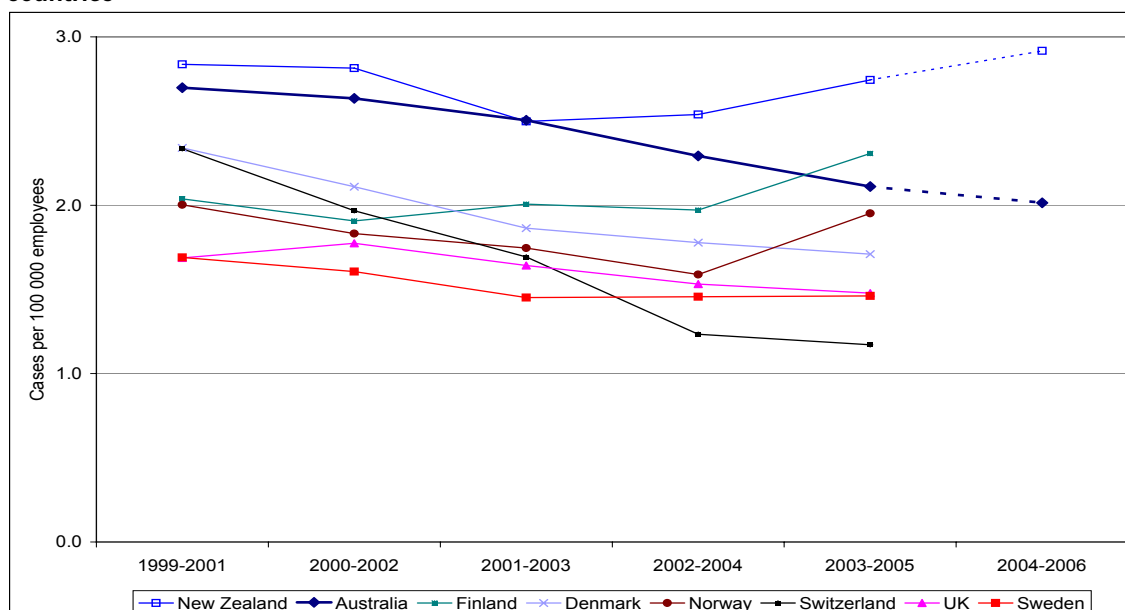
Following the first triennial review of the National OHS Strategy, WRMC adopted an additional aspirational goal of having the lowest rate of traumatic fatalities in the world by 2009. Analysis of injury fatality data using information published on the International Labor Organization (ILO) website, (laborsta.ilo.org) was undertaken in 2004. The results of this analysis were published in a report titled *Fatal Occupational Injuries — How does Australia compare internationally?* which can be accessed at ascc.gov.au/ascc/AboutUs/Publications/.

The main aim of this report was to obtain a measure of the gap in performance between Australia and the best performing countries. Countries were therefore included in this analysis if they had a lower incidence of fatality than Australia as reported to the ILO. This resulted in most of the countries included in this comparison being European. The analysis undertaken in the report only used fatalities from injuries, making adjustments where possible for differences in scope and coverage. The data were then standardised against Australia to take account of different industry mixes and finally a three-year average was calculated to remove some of the volatility that results from working with small numbers.

Using this same methodology and continuing the data series we can see in Indicator 4 that since 1999–2001 Australia’s work-related fatality rate has generally decreased at a greater rate than the best performing countries in the world. As at 2004–05 (the latest available international data) Australia has moved into sixth place, though this has more to do with poorer performances in recent years in Finland than the improvements in Australia. While the gap between Australia and the better performing countries has reduced, it is unlikely that Australia will meet this aspirational goal unless substantial improvements are recorded in future years.

It should be noted that due to differences in scope and methodology, comparisons of occupational injury fatalities data between countries have many limitations. The areas of concern lie in the exclusion of self-employed workers, the lack of data relating to road traffic fatalities and the incomplete coverage within the data of the working population. The adopted methodology has attempted to address these concerns but some issues have not been fully resolved and may impact on the final results.

Indicator 4 – Comparison of Australia’s work-related injury fatality rate with the best performing countries



Chapter 2 - OHS performance

The data used in this chapter are accepted workers' compensation claims lodged in each financial year. Workers' compensation data are currently the most comprehensive source of information for measuring OHS performance. While there are some limitations, most notably that the data reflect the injury experience of employees only and under-reports the incidence of disease, workers' compensation data still provide a good indication of OHS trends. Recently the Australian Bureau of Statistics undertook the *Work-Related Injuries Survey*, a feature article on the results from this survey has been included as Appendix 3 of this publication. The results of this survey support the continued use of workers' compensation data as a good source of information on work-related injury.

Serious claims

As there are different employer excesses across the various schemes, a standard reporting definition of a 'serious claim' has been adopted for analysis. Serious claims include all fatalities, all permanent incapacity claims (as defined by the jurisdictions) and temporary claims for which one or more weeks of time lost from work has been recorded. More information on claims data is contained in point 1 of Appendix 1 - Explanatory Notes, at the end of this publication.

In addition, due to the different number of employees in each jurisdiction, rates have been calculated to assist with comparisons. Incidence rates assist in the comparison across jurisdictions on a 'per employee' basis while frequency rates allow a comparison on a 'per hour worked' basis.

Indicator 5 shows the Australian incidence rate for serious claims has been steadily declining over the past four years, recording a fall of 8% from a rate of 18.2 claims per 1000 employees in 2001–02 to a rate of 16.8 claims per 1000 employees in 2004–05. The preliminary data for 2005–06 indicates an incidence rate of 15.6 claims per 1000 employees. While it is expected that this rate will rise when updated data are available, the preliminary rate for 2005–06 indicates a continuing improvement in incidence rates.

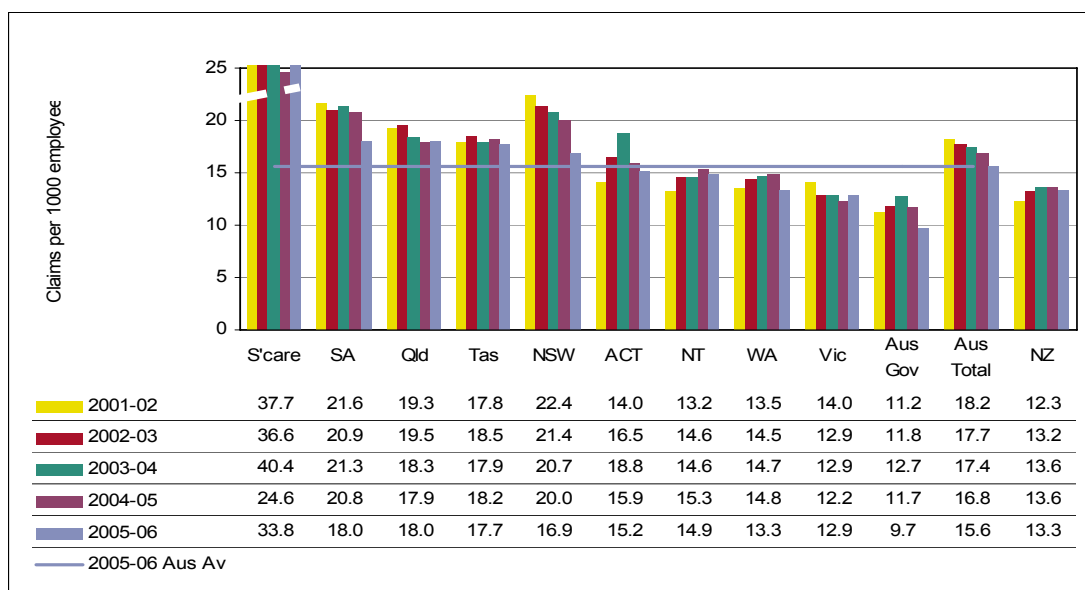
Substantial falls in incidence rates from 2001–02 to 2004–05 were recorded by New South Wales (down 25%), South Australia (down 17%) and the Australian Government (down 13%). Increases in incidence rates were recorded by the Northern Territory (up 13%) and the Australian Capital Territory (up 9%).

Seacare recorded the highest incidence rate at 33.8 claims per 1000 employees with the Australian Government recording the lowest rate at 9.7 claims per 1000 employees.

These data are higher than those shown in Chapter 1 as they include all injury and all disease claims. The National OHS Strategy measurement only includes injury and musculoskeletal claims, however these two indicators show similar levels of improvement.

Over the period 2001–02 to 2004–05, New Zealand recorded an 11% increase in incidence rates due in part to increased coverage of the scheme to include some diseases. The preliminary data from 2005–06 in New Zealand shows an incidence rate of 13.3 claims per 1000 employees, up from 13.6 in the previous year. As the rate for 2005–06 is expected to rise when the preliminary data are updated, a continuing trend for increasing incidence rates in New Zealand is indicated.

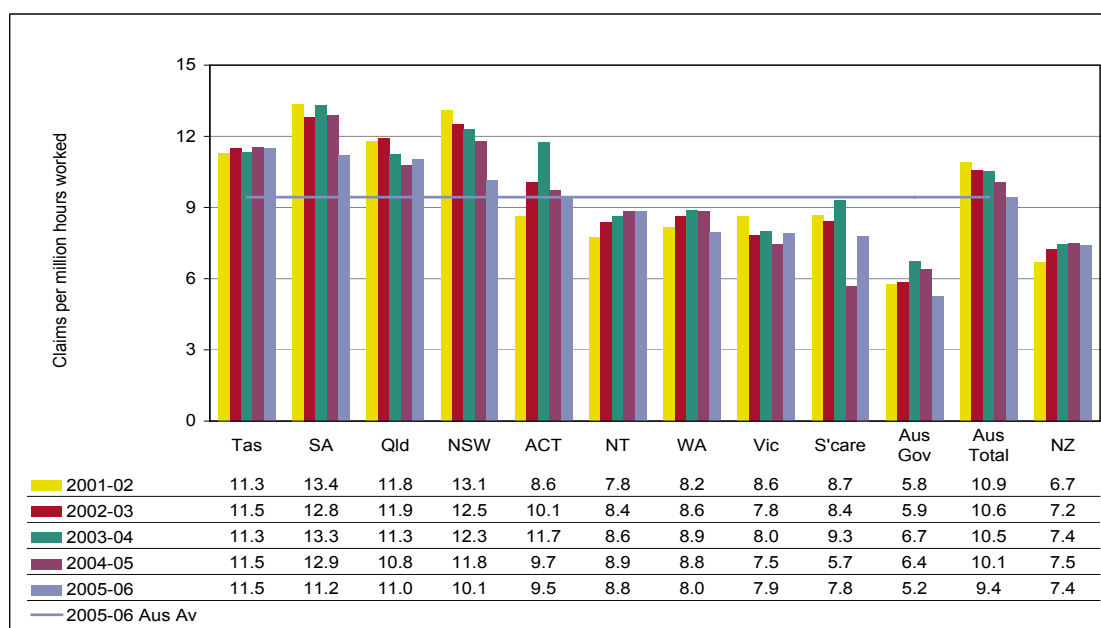
Indicator 5 – Incidence rates of serious* injury and disease claims by jurisdiction



* Includes all accepted workers' compensation claims involving temporary incapacity of one or more weeks plus all claims for fatality and permanent incapacity.

Indicator 6 shows that in 2005–06 the Australian frequency rate was 9.4 claims per one million hours worked. While the frequency rate data show a similar level of improvement for Australia, there are differences in the order of the jurisdictions: Tasmania recorded the highest frequency rate of 11.5 claims per one million hours worked but only the fourth highest incidence rate. Seacare also changed position due to the 24 hour basis on which its frequency rates are calculated. More information on this can be found in point 1 of the Explanatory Notes.

Indicator 6 – Frequency rates of serious* injury and disease claims by jurisdiction

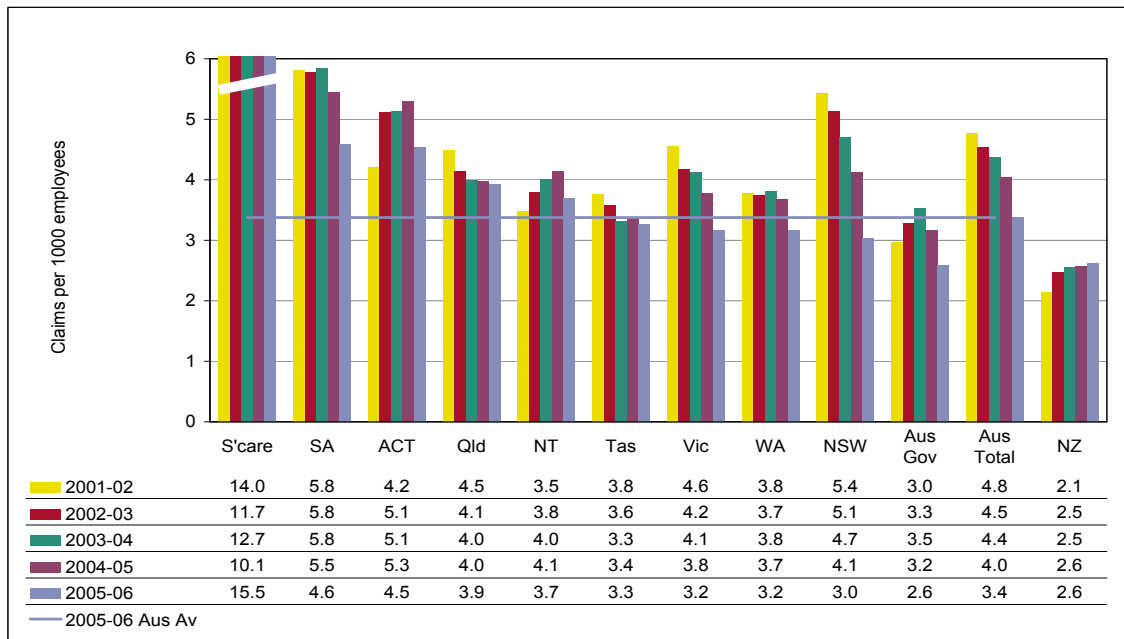


* Includes all accepted workers' compensation claims involving temporary incapacity of one or more weeks plus all claims for fatality and permanent incapacity.

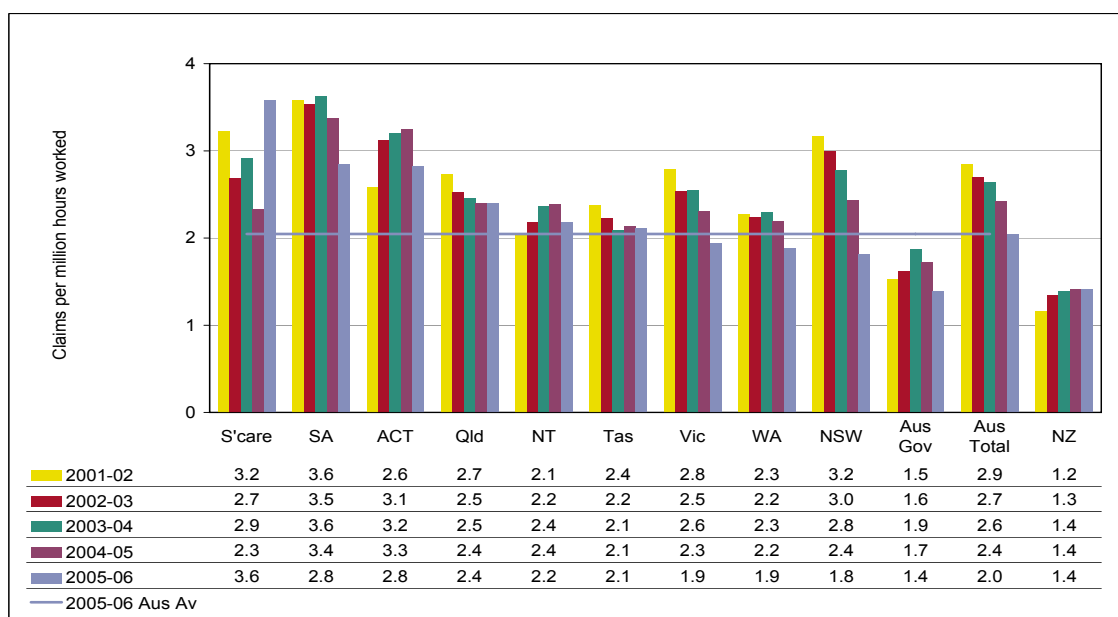
Long term claims - twelve or more weeks of compensation

Indicator 7 shows the incidence rate for long term (involving twelve or more weeks of compensation) injury and disease claims in Australia decreased by 17% from 4.8 claims per 1000 employees in 2001–02 to 4.0 claims per 1000 employees in 2004–05. While the 2005–06 data show a continuing decrease, these data should be treated with caution due to the shorter development time these claims have had compared to previous years. Around 25% of serious claims result in twelve or more weeks of compensation.

Indicator 7 – Incidence rates of long term (12 weeks or more compensation) compensated injury and disease claims resulting by jurisdiction



Indicator 8 – Frequency rates of long term (12 weeks or more compensation) compensated injury and disease claims resulting by jurisdiction



Three jurisdictions recorded increases in the incidence rate of long term claims over the period 2001–02 to 2004–05: the Australian Capital Territory (26%), the Northern Territory (17%) and the Australian Government (7%). New Zealand also recorded a 24% increase over this period.

The frequency rates of long term claims in Indicator 8 show a similar pattern to the incidence rates with slightly different levels of improvement recorded but the jurisdictions remaining in the same order.

Duration of absence

The duration of absence for claims provides one indicator of the severity of injuries occurring in Australia. Indicator 9 shows the variation across the jurisdictions in the percentage of claims involving selected periods of compensation. These data are based on claims lodged in 2003–04, which is the most recent year that reliable data are available for this indicator.

Indicator 9 – Serious* claims: Percentage involving selected periods of compensation, 2003–04

Jurisdiction	Less than 6 weeks	6 weeks or more	12 weeks or more	26 weeks or more	52 weeks or more
	%	%	%	%	%
New South Wales	64	36	23	14	8
Victoria	53	47	32	19	12
Queensland	64	36	22	10	3
Western Australia	61	39	26	16	9
South Australia	60	40	27	18	12
Tasmania	67	33	18	9	5
Northern Territory	56	44	27	15	8
Australian Capital Territory	60	40	27	18	11
Australian Government	59	41	28	16	10
Seacare	30	70	28	16	10
Australian Average	61	39	25	14	8
New Zealand	69	31	19	10	5

* Includes all accepted workers' compensation claims involving temporary incapacity of one or more weeks plus all claims for fatality and permanent incapacity.

These data show that 61% of claims in Australia resulted in less than six weeks of compensation being paid. The jurisdictional rates were quite similar except for Seacare, which only recorded 30% of claims being resolved in this time. Injured workers in the Seacare scheme face unique problems in attempting to return to work, which need to be considered when interpreting the Seacare results in this indicator. More information is provided in the Explanatory notes under point 2.

Victoria and South Australia had the equal highest percentage of claims continuing past 52 weeks of compensation (both with 12% of claims). In contrast Queensland had only 3% of claims continuing past 52 weeks of compensation – partly due to the nature of the Queensland scheme.

The New Zealand scheme finalised a greater proportion of claims within six weeks than did Australia.

Compensated fatalities

Indicator 10 shows that in 2005–06 in Australia there were 231 accepted compensated claims for a work-related fatality – made up of 184 fatalities from injury and musculoskeletal disorders and 47 fatalities from other diseases. As with the other data the number of fatalities is expected to rise as more claims lodged in 2005–06 are accepted. The historical data shows that there was a 20% fall in the number of fatalities from 2001–02 to 2004–05.

New Zealand recorded 92 compensated fatalities in 2005–06. Over the period 2001–02 to 2004–05 New Zealand recorded a 51% increase in the number of compensated fatalities, partly due to increased coverage of some diseases.

Fatalities are recorded in the NDS against the date of lodgement of the claim, not the year the worker died. Data revisions from previous years can occur where a claim is lodged in one year but not accepted until after the data are collected for that year or for an injury or disease in one year where the employee dies from that injury or disease in a subsequent year. This is particularly the case with disease fatalities where considerable time could elapse between diagnosis resulting in a claim being lodged and death.

Workers' compensation data are known to understate the true number of fatalities from work-related causes, particularly deaths from occupational diseases such as asbestosis and mesothelioma where compensation is often sought through separate mechanisms including common law. For this reason Indicator 10 has been altered from the previous publication to report separately on claims for fatality from asbestosis and mesothelioma. These data show the low number of fatalities reported through the workers' compensation system for asbestosis and mesothelioma compared to other sources of information such as cancer registries. Indicator 10 shows that Queensland and the Australian Government report a higher proportion of deaths from these diseases than is the case for the other jurisdictions due to the way their compensation systems operate. For example, in New South Wales, fatalities from these diseases are mostly compensated through the Dust Diseases Board, data from which are not included in this publication. The ASCC is currently working to improve the collection and reporting of information on mesothelioma using data from the National Cancer Statistics Clearing House.

Deaths in the agricultural and construction sectors are also likely to be understated in the NDS data due to the higher proportion of self-employed workers in these industries who are not covered by workers' compensation.

In addition, as compensation may be sought through the Compulsory Third Party insurance scheme for motor vehicles, work-related deaths from road traffic accidents may also be understated. Note that fatalities occurring from a journey to or from work are not included in these statistics. In an attempt to capture information from some of these groups, where underreporting can occur, the ASCC undertakes a collection of all fatalities notified to OHS authorities. Detailed information on notified fatalities is contained in the Annual Notified Fatalities Report, 2005–06 which can be found at ascc.gov.au

Detailed information on the causes and other characteristics of fatalities reported through the NDS is contained in the *Compendium of Workers' Compensation Statistics*, which can be found at ascc.gov.au

Indicator 10 – Compensated Fatalities by jurisdiction

Jurisdiction	2001–02	2002–03	2003–04	2004–05	2005–06	<i>5yr Average</i>
Injury and musculoskeletal disorders						
New South Wales	72	63	55	57	66	63
Victoria	45	35	40	41	36	39
Queensland	44	48	38	40	44	43
Western Australia	18	21	20	15	16	18
South Australia	12	12	11	12	11	12
Tasmania	5	11	3	3	6	7
Northern Territory	4	0	4	2	3	3
Australian Capital Territory	4	1	0	2	2	2
Australian Government	3	6	2	3	0	3
Seacare	0	0	0	0	0	0
Australian Total	207	197	173	175	184	187
New Zealand	54	57	52	56	60	56
Mesothelioma and asbestosis						
New South Wales	3	5	1	2	1	2
Victoria	1	0	0	0	0	0
Queensland	30	33	34	31	10	28
Western Australia	1	2	0	3	1	1
South Australia	0	0	0	0	0	0
Tasmania	0	0	0	0	0	0
Northern Territory	0	0	0	0	0	0
Australian Capital Territory	0	0	0	0	0	0
Australian Government	8	8	6	5	3	6
Seacare	0	0	0	0	0	0
Australian Total	43	48	41	41	15	38
New Zealand	14	32	28	47	32	31
Other diseases						
New South Wales	26	15	18	11	13	17
Victoria	19	30	22	13	5	18
Queensland	6	10	8	9	7	8
Western Australia	5	0	5	1	0	2
South Australia	2	2	4	1	3	2
Tasmania	2	0	0	1	0	1
Northern Territory	0	1	0	0	0	0
Australian Capital Territory	1	0	1	1	1	1
Australian Government	5	6	5	1	3	4
Seacare	0	0	0	0	0	0
Australian Total	66	64	63	38	32	53
New Zealand	0	0	0	0	0	0
Total						
Australia	316	309	277	254	231	278
New Zealand	68	89	80	103	92	86

Notified fatalities

While workers' compensation data are currently the most comprehensive source of information for measuring OHS performance, there are some limitations. Other data sources can be used to supplement workers' compensation data and provide a more complete picture of work-related fatalities, injuries and diseases. One alternative data source is the Notified Fatalities dataset.

These data are collated from the work-related traumatic fatalities that are notified to jurisdictional OHS authorities under their OHS legislation. The use of these data addresses some of the limitations of the compensated data by capturing fatalities occurring in categories of workers not covered for workers' compensation, such as the self-employed. This data source was only established in July 2003. More information about the Notified Fatalities collection can be found at ascc.gov.au

Indicator 11 shows the number of notified fatalities increased by 17% for workers and decreased for bystanders between 2003–04 and 2005–06.

Indicator 11 – Notified work-related traumatic fatalities, Australia

	2003–04	2004–05	2005–06
Worker	126	127	148
Bystander	18	12	9
Total	144	139	157

Note that Indicator 11 under-reports work-related road traffic fatalities as these fatalities are not notified to some OHS jurisdictions, whereas Indicator 10 does not include deaths of persons who are not classed as employees, such as self-employed workers and bystanders. While these data cannot be directly compared, they both indicate an increase in the number of injury fatalities for workers in 2005–06.

Claims by mechanism of injury/disease

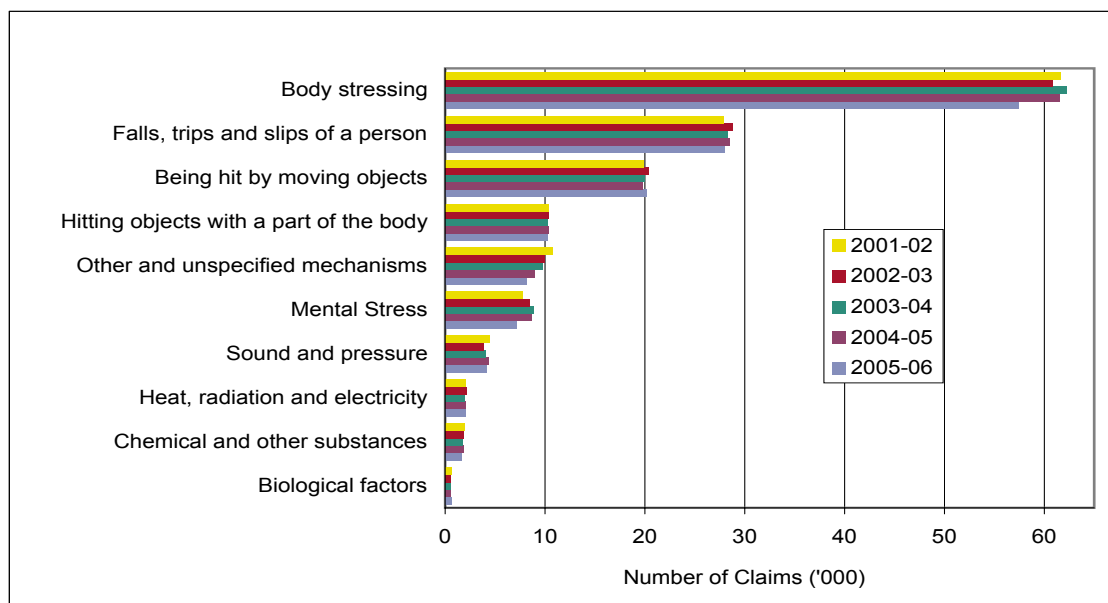
Claim patterns can be analysed using the *Type of Occurrence Classification System* (TOOCS) which is a series of codes providing information on the cause of the incident and the type of injury or disease sustained. One part of this system is the Mechanism of Injury/Disease which is intended to identify the action, exposure or event which was the direct cause of the most serious injury or disease. More information on the TOOCS can be found at ascc.gov.au.

Indicator 12 shows the number of claims by Mechanism of injury/disease over the past five years. Under the National OHS Strategy the following are priority mechanisms: *Body stressing*; *Falls, trips and slips of a person*; *Being hit by moving objects*; and *Hitting objects with a part of the body*. The claims data indicate that the priority mechanisms account for 83% of claims. In particular, *Body stressing* remains the most common cause of claims, accounting for 42% of claims in 2005–06. Excluding the preliminary 2005–06 data, the largest decreases in claims over the four years from 2001–02 to 2004–05 were recorded in the mechanisms of *Other and unspecified mechanisms* (down 17%) and *Biological factors* (down 9%). However these categories account for 6% and less than 1% of all claims respectively in 2005–06.

Claims for *Mental stress* over the period 2001–02 to 2004–05 increased by 12%. This category accounted for 6% of all claims in 2005–06.

More detailed information on claims by mechanism of injury/disease can be found in the *Compendium of Workers' Compensation Statistics*, which can be found on at ascc.gov.au.

Indicator 12 – Mechanism of injury/disease: number of serious* claims by year, Australia



*Includes all accepted workers' compensation claims involving temporary incapacity of one or more weeks plus all claims for fatality and permanent incapacity.

Claims by size of business

Indicator 13 compares the incidence of serious compensated claims by size of business for 2001–02 and 2005–06. Eight Australian jurisdictions and New Zealand collect compensation data by size of business; however there are differences in the methodologies used by schemes to collect this information and caution should be exercised when making jurisdictional comparisons.

The trend across schemes over time is similar in most cases: businesses with 5–19 employees had the lowest incidence rates for compensated claims in both 2001–02 and 2005–06. However, four jurisdictions recorded increases in incidence rate over this period for this size of business.

Indicator 13 – Size of business: incidence rates (claims per 1000 employees) of serious* claims by jurisdiction

	1-4 employees	5-19 employees	20-99 employees	100 or more employees
2001-02				
Victoria	9.5	9.2	13.2	17.3
Western Australia	25.4	10.4	13.0	12.0
South Australia	25.4	18.4	34.6	17.6
Tasmania	9.9	13.5	22.1	19.8
Northern Territory	27.4	20.5	14.5	6.1
Australian Capital Territory	17.5	10.8	17.3	13.8
Australian Government	np	0.0	0.8	11.8
Seacare	0.0	0.0	42.9	36.4
Australia**	15.7	11.4	16.4	15.6
New Zealand	10.0	14.6	16.3	11.8
2005-06				
Victoria	8.1	8.7	13.8	14.9
Western Australia	19.7	12.9	16.7	11.4
South Australia	14.0	12.6	27.1	17.5
Tasmania	12.5	15.2	12.8	23.0
Northern Territory	31.8	26.5	16.7	6.2
Australian Capital Territory	14.3	13.9	28.3	12.3
Australian Government	np	0.9	2.5	9.9
Seacare	0.0	0.0	11.2	41.4
Australia**	12.0	11.1	16.4	14.1
New Zealand	17.7	10.6	10.3	18.1

* Includes all accepted workers' compensation claims involving temporary incapacity of one or more weeks plus all claims for fatality and permanent incapacity.

** Consists only of Australian jurisdictions listed above

Chapter 3 – Enforcement

Jurisdictions enforce their OHS Acts using a variety of enforcement tools and protocols. Inspectors appointed under legislation may visit workplaces for the purpose of providing advice, investigating accidents or dangerous occurrences and ensuring compliance with the OHS legislation. Where breaches are detected the inspector, based on risk, may issue notices or escalate the action to formal procedures, which are addressed through the courts for serious contravention of the legislation. Indicator 14 provides details on specific enforcement activity undertaken by jurisdictions for each year from 2001–02 to 2005–06. In 2005–06 over 114 000 visits were made to workplaces around Australia with 67 200 notices issued, over 900 businesses prosecuted and nearly \$23 million in fines handed out by the courts.

In 2005-06 over 21 000 visits were made to workplaces in New Zealand. Out of 2183 notices issued 1743 were improvement notices: a sharp drop from the 10691 improvement notices issued in 2004-05. The reason for this drop is that in October 2005, the New Zealand Department of Labour changed its procedures for issuing and recording improvement notices so that they would be issued only where employers were unwilling to comply with required improvements. Despite this drop, the department's overall enforcement action in 2005-06 is comparable with that in previous years.

Victoria has recorded the largest fall in the total number of workplace interventions over the past five years. From 2001, Victoria has changed its enforcement focus. This has seen a shift in the proportion of interventions between proactive and reactive visits from 60/40 to 80/20. The increased emphasis on the effectiveness of visits has led to the introduction of an independent, six monthly survey of inspected workplaces, where manager and employee representatives in those workplaces are contacted to gauge their perception of the effectiveness and professionalism of the inspection.

Total workplace interventions consist of the sum of all proactive and reactive workplace interventions. Note: interventions in the mining sector are not included in these data because mining inspectors in most jurisdictions utilise their own reporting mechanisms.

Proactive interventions are defined as all workplace visits that have not resulted from a complaint or workplace incident. They include all planned interventions, routine workplace visits, inspections/audits and industry forums/presentations (where an inspector delivers educational advice or information).

Reactive interventions are defined as attendances at work sites following notifiable work injuries, dangerous occurrences or issuing of notices where comprehensive investigation summaries (briefs of evidence) are completed. Not all requests for investigations or incidents result in a formal investigation. A range of enquiries may be made in order to inform a decision on whether an investigation is warranted.

Indicator 14 shows that in 2005–06, more than twice as many proactive workplace interventions were carried out than reactive interventions. Jurisdictions have indicated that using a more structured evidence based proactive approach for identifying where inspectorate resources should be deployed is considered a more successful approach than responding to “low risk” reactive situations.

Where interventions by an inspector identify a breach under OHS legislation, a notice may be issued. The total number of notices issued by the Australian jurisdictions has consistently increased

over the last five years. The use of infringement notices, sometimes referred to as on-the-spot fines is the least used of the three notice types. In 2005–06, 1769 of this type of notice were handed out around Australia compared to 6918 prohibition notices and 58 517 improvement notices.

Note: notices are defined by legislation in each jurisdiction. In some instances a single notice may be issued for multiple breaches of the legislation while in other instances multiple notices are issued for each breach identified. Therefore the data shown under these items will not be strictly comparable across jurisdictions.

Indicator 14 shows a steady increase in the number of field active inspectors employed around Australia. Field active inspectors are defined as gazetted inspectors whose role is to spend the majority of their time enforcing provisions of the OHS legislation directly with workplaces i.e. a compliance field role. They do not include managers of the inspectorate. Current vacancies are included in these numbers and mines inspectors have been excluded from the data due to different legislation operating across jurisdictions. Due to this definition it is possible that the number of field active inspectors shown in this report may differ to inspectorate numbers shown in jurisdictional reports.

Queensland reported a large increase in the number of inspectors for 2005–06 due to the growing demand for workplace health and safety assessments as a result of increasing economic activity in that state. In addition, the Department of Employment and Industrial Relations made a decision to provide career opportunities within Workplace Health and Safety Queensland for a significant number of its industrial relations inspectors as a result of the reduced jurisdiction over state industrial relations.

Substantial increases in the total amount of fines awarded by the court on offenders have also been recorded in most jurisdictions over the past five years, in part due to increases in maximum penalties. Information on penalty provisions can be found in the publication *Comparison of OHS Arrangements in Australia and New Zealand* available at workplace.gov.au/cpm. In some instances the courts declare that penalty amounts are to remain confidential, therefore the data recorded in Indicator 14 are only those amounts known publicly.

Comment on data for the Australian Government

Australian Government data are not comparable with other jurisdictions' data. As at 30 June 2006, Comcare had 22 staff appointed as investigators working out of five regional areas across Australia. Comcare also contracts a panel of private sector organisations and appoints appropriately skilled and qualified people from these organisations as investigators under the *Occupational Health and Safety Act 1991* (OHS Act) to undertake investigations. During 2005–06, through memoranda of understanding with state and territory governments Comcare also had access to certain state and territory officers as investigators under the OHS Act.

In terms of workplace interventions, the data for Comcare only represent interventions which resulted in a comprehensive investigation report. They do not include visits to workplaces for providing advice, routine workplace visits or industry forums and presentations.

Indicator 14 – Enforcement activity by jurisdiction

	NSW	Vic	Qld	WA	SA	Tas	NT	ACT	Aus Gov ^a	Seacare	Total Aus	NZ
Total	n/a	50 343	13 835	^b 10 600	10 325	8 256	1 883	n/a	134	n/a	95 376	24 474
workplace interventions	n/a	48 425	17 375	^b 8 774	12 582	6 003	2 233	n/a	194	n/a	95 586	23 552
	n/a	43 719	21 615	^b 10 085	16 931	4 523	3 188	1 360	245	191	101 857	24 503
	n/a	41 842	21 068	^b 11 708	21 841	6 964	4 384	2 476	203	277	110 763	20 989
	n/a	41 163	26 218	^b 11 356	18 908	6 506	5 522	3 960	189	206	114 028	21 064
<i>Number of proactive workplace interventions</i>	n/a	38 550	n/a	6 335	n/a	4 188	1 435	n/a	74	n/a	n/a	13 676
	n/a	37 878	n/a	5 072	n/a	2 788	1 542	n/a	113	n/a	n/a	12 278
	n/a	33 606	13 251	5 809	8 973	1 915	2 393	n/a	146	181	66 274	12 124
	n/a	33 601	17 023	7 028	10 081	2 857	3 597	n/a	133	275	74 595	9 748
	n/a	27 834	23 344	6 310	9 075	2 953	4 623	n/a	113	201	74 453	10 985
<i>Number of reactive workplace interventions</i>	n/a	11 793	n/a	4 265	n/a	4 068	448	n/a	60	14	n/a	10 798
	n/a	10 547	n/a	3 702	n/a	3 125	691	n/a	81	12	n/a	11 274
	n/a	10 113	8 364	4 276	7 958	2 608	795	n/a	99	10	34 223	12 379
	n/a	8 241	4 045	4 680	11 760	4 107	787	n/a	70	3	33 693	11 241
	n/a	13 329	2 874	5 046	9 832	3 553	899	n/a	76	5	35 614	10 079
<i>Number of infringement notices issued</i>	1 471	n/a	99	^c n/a	n/a	n/a	71	0	n/a	n/a	1 641	0
	1 289	n/a	289	^c n/a	n/a	n/a	242	0	n/a	n/a	1 820	0
	915	n/a	488	^c n/a	n/a	n/a	31	0	n/a	n/a	1 434	6
	1 652	n/a	462	^c n/a	n/a	n/a	7	8	n/a	n/a	2 130	32
	1 195	n/a	499	^c n/a	n/a	n/a	47	28	n/a	n/a	1 769	20
<i>Number of improvement notices issued</i>	10 517	11 922	6 246	9 818	1 025	420	19	77	8	3	40 055	17 302
	12 646	14 964	11 136	10 263	1 977	346	22	80	18	0	51 452	14 652
	17 927	12 492	16 200	11 848	2 748	198	29	202	17	1	61 662	14 044
	18 213	12 117	13 348	12 391	4 688	423	17	163	12	9	61 381	10 691
	14 832	11 168	16 463	11 691	3 573	297	49	427	12	6	58 517	1 743
<i>Number of prohibition notices issued</i>	786	3 102	1 188	887	191	109	25	39	2	2	6 331	^d
	779	2 904	1 256	895	364	131	56	48	9	2	6 444	990
	1 139	2 303	1 696	870	814	87	14	90	6	1	7 020	1 117
	1 421	2 308	1 788	963	899	266	14	66	20	6	7 751	745
	1 212	1 876	2 223	708	623	125	54	68	10	19	6 918	417

Indicator 14 – Enforcement activity by jurisdiction *continued*

	NSW	Vic	Qld	WA	SA	Tas	NT	ACT	Aus Gov	Seacare	Total Aus	NZ
Number of field active inspectors	301	226	127	70	57	n/a	10	12	16	1	820	158
	2001-02											
	2002-03	236	148	70	57	n/a	10	12	16	2	852	161
	2003-04	236	155	94	89	25	12	12	16	5	945	168
	2004-05	236	189	94	89	27	12	12	16	3	979	166
	2005-06	236	206	103	89	29	12	12	22	3	1013	157
Number of field active inspectors per 10 000 employees	1.1	1.1	1.0	0.9	1.0	na	1.1	1.0	0.7	3.3	1.0	0.9
	2002-03	1.1	1.1	0.9	0.9	na	1.1	1.0	0.7	6.3	1.0	0.9
	2003-04	1.1	1.1	1.2	1.4	1.4	1.4	1.1	0.7	15.4	1.1	0.9
	2004-05	1.1	1.2	1.1	1.4	1.4	1.4	1.0	0.6	8.7	1.1	0.9
	2005-06	1.1	1.3	1.2	1.4	1.5	1.4	1.0	0.8	8.2	1.1	0.8
Number of legal proceedings commenced	550	186	131	29	21	33	2	1	0	0	953	145
	2002-03	462	217	122	43	38	0	2	0	0	900	136
	2003-04	336	206	136	65	9	1	27	0	0	825	138
	2004-05	587	188	190	64	7	0	14	0	2	1 097	110
	2005-06	459	136	174	37	15	0	19	1	0	912	80
Number of prosecutions resulting in conviction	455	115	114	41	8	11	2	0	0	0	746	132
	2002-03	443	105	101	38	24	0	2	0	0	735	119
	2003-04	399	110	120	43	7	0	5	0	0	714	100
	2004-05	384	93	156	48	7	0	11	0	1	731	119
	2005-06	340	70	143	41	12	0	5	0	0	662	79
Total amount of fines awarded by the courts (\$'000)	2001-02	\$9 500	\$6 069	\$1 593	\$187	\$32	\$2	\$0	\$0	\$0	\$17 484	NZ\$916
	2002-03	\$13 000	\$2 997	\$1 994	\$152	\$199	\$0	\$3	\$0	\$0	\$18 724	NZ\$899
	2003-04	\$13 300	\$4 159	\$2 024	\$385	\$87	\$0	\$55	\$0	\$0	\$20 668	NZ\$1 037
	2004-05	\$11 500	\$3 294	\$3 344	\$457	\$78	\$0	\$32	\$0	\$0	\$19 145	NZ\$1 859
	2005-06	\$13 878	\$3 532	\$3 823	\$383	\$157	\$0	\$134	\$0	\$0	\$22 949	NZ\$1 929

^a Aus Gov data cannot be compared directly with the other jurisdictions ^b In WA, 'total workplace interventions' does not include inspectors delivering educational advice or information. ^c There is no legislative requirement for infringement notices in WA. ^d NZ data for improvement and prohibition notices shown under improvement. ^e New inspector intake training occurred in SA in January 2004, full duties commenced in mid June 2004. ^f Includes inspectors who investigate unsafe asbestos. ^g Victoria data is for legal proceedings completed. ^h In Victoria 2001-02 there was one unusual prosecution of \$2 million. ⁱ Seacare are awaiting sentence of the court regarding the legal proceeding resulting in conviction listed above. ^j New South Wales previously reported the number of breaches rather than the number of companies being prosecuted.

Chapter 4 – Workers' compensation premiums and entitlements

Standardised average premium rates

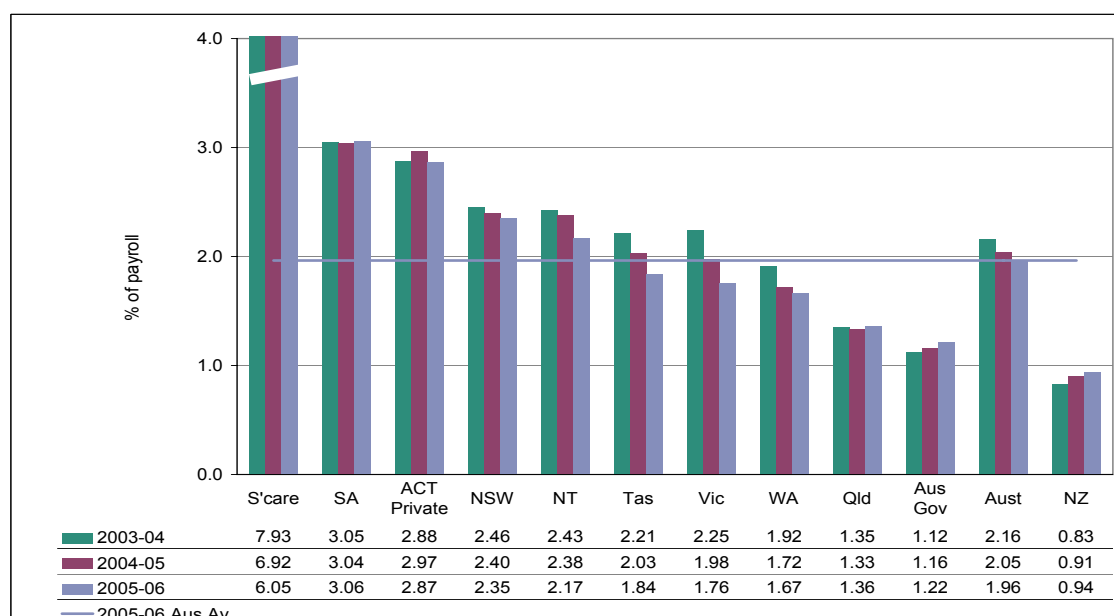
The rates in this chapter are for policies that provided coverage during the reference financial years. The premium rates reported are 'earned premium', which is defined as the amount allocated for cover in a financial year from premiums collected during the previous and current financial years. The premiums reported are allocated for defined periods of risk, irrespective of when they were actually paid, enabling rates to be compared for each financial year. GST charged on premiums is not included in the reported rates as most Australian employers recoup part, or all, of this tax through input tax credits.

The data in this indicator are different to previous publications due to the definition of remuneration, which is used to calculate payroll being changed to include superannuation, a definition now used by most of the larger jurisdictions. Only three years are shown due to the difficulty of adjusting for the new definition for earlier years.

Indicator 15 shows that in 2005–06 the standardised Australian average premium rate was 1.96% of payroll, a decrease on last year's rate of 2.05%. This decrease was the result of large falls in most jurisdictions.

The Australian Government Scheme was the only Australian jurisdiction to record a notable rise of 5%, however this scheme still had the lowest premium rate of all jurisdictions at 1.22% of payroll. While the premium paying sector of the scheme predominantly covers administrative and community service workers, the scheme as a whole comprises a diverse range of occupations and industries including police, customs officers, communications, freight services, engineering and transport. Recent inclusions to the scheme also include some self-insurers which may have competed directly for business with current or former Australian Government owned companies. Data for the Australian Government does not include the Australian Capital Territory Public Service.

Indicator 15 – Standardised average premium rates (including insured and self-insured sectors) by jurisdiction



Queensland recorded the next lowest premium rate at 1.36% of payroll. The Queensland scheme is a predominantly lump sum scheme because of the relatively open access to common law provisions, and there are also slightly lower continuance rates. This results in lower administrative costs and hence lower premiums.

Seacare recorded the highest premium rate in 2005–06 at 6.05% of payroll due to the high risk nature of this industry. The past two years, however, have seen substantial falls from nearly 8% in 2003–04.

South Australia's standardised average premium rate of 3.06% was the next highest rate and reflects WorkCover's decision to increase the average levy rate from 2.46% to 3.00% in 2003–04 to improve the financial position of the scheme. The average levy rate has remained at 3.00% since that time.

In New South Wales the change in the amount of payments direct to workers between 2001–02 and 2005–06 is due to the introduction of legislative changes from 1 January 2002. This shifted the NSW system focus to the payment of medical expenses, weekly income support and return to work (RTW) services, resulting in significantly improved health and social outcomes for workers. Since November 2005, the NSW government has announced a number of reductions in premium rates. As a result, premium rates have reduced significantly since the latest reporting period covered in the current Comparative Performance Monitoring Report. In addition to these reductions and a number of new payment arrangement initiatives, wages paid to apprentices are no longer included in an employers' workers' compensation premium.

The New Zealand standardised average premium rate increased slightly in 2005–06 to 0.94% of payroll, which is still much lower than the level recorded in Australia. One reason for the lower rate in New Zealand is that its scheme does not provide the same level of coverage of disease cases, although recent court cases have meant that asbestosis, which was considered a disease and thus not covered, is now included and may be part of the reason for recent increases in NZ premium rates.

Note that these data will be different to published rates from the jurisdictions due to the adjustments made to the data to enable more accurate jurisdictional comparisons to be undertaken. The principal regulatory differences that affect comparability and for which adjustments have been applied in this indicator are: the exclusion of provision for coverage of journey claims, the inclusion of self-insurers; the inclusion of superannuation as part of remuneration; and the standardisation of non-compensable excesses imposed by each scheme. The effect of each of these adjustments is shown in Appendix Table 4 in the Explanatory Notes at the back of this report. Information on published rates can be found in the *Comparison of Workers' Compensation Arrangements* publication (ascc.gov.au).

Entitlements under workers' compensation

Premium rates are set at a level to ensure sufficient funds are available to cover the entitlements payable under workers' compensation in the event an employee is injured or develops a work-related disease. Hence different entitlement levels across the jurisdictions can explain some of the differences in premium rates. Data provided in other chapters of this report should also be considered when comparing entitlements provided under the various workers' compensation schemes.

The following examples have been included to provide indicative entitlements payable in each jurisdiction. A brief summary on how entitlements are calculated is contained in Appendix 2. More detailed information can be found in the *Comparison of Workers' Compensation Arrangements* publication. These entitlements are based on legislation current as at 1 January 2006.

Temporary incapacity

This example examines how jurisdictions compensate low, middle and high income employees during selected periods of temporary incapacity. Three payment profiles are shown for this example to highlight the statutory maximum entitlements payable plus the low income example highlights some differences where the worker is employed under an award. Entitlements for an injured employee are shown in the following table using pre-injury earnings of \$500 gross per week (award wage), \$1000 gross per week (non-award wage) and \$2000 gross per week (non-award wage).

Scenario

The employee has a dependent spouse and two children (aged 7 and 8). The employee injured their back and has lower back strain as a result. The employee remains unable to work for a period of time before returning to their previous duties on a full-time basis.

Indicator 16 – Percentage of pre-injury earnings for selected periods of incapacity, as at 1 January 2006

Level of pre-injury income	NSW	Vic	Qld	WA	SA	Tas	NT	ACT	Aus Gov	NZ
13 weeks of incapacity										
Low income	100	95	100	100	100	100	100	100	100	80
Middle income	80	95	85	100	100	100	100	100	100	80
High income	72	58	85	76	97	100	100	100	100	72
26 weeks of incapacity										
Low income	100	85	100	100	100	93	100	100	100	80
Middle income	80	85	85	93	100	93	100	100	100	80
High income	72	58	85	76	97	93	100	100	100	72
52 weeks of incapacity										
Low income	100	80	100	100	100	89	95	97	99	80
Middle income	69	80	80	89	100	89	89	83	97	80
High income	51	58	80	76	97	89	88	83	97	72
104 weeks of incapacity										
Low income	100	78	100	100	90	87	93	95	94	80
Middle income	63	78	73	87	90	87	83	74	86	80
High income	40	58	73	70 ^(a)	87	87	81	74	86	72
120 weeks of incapacity										
Low income	100	77	100	100	89	86	92	95	94	80
Middle income	62	77	72	87	89	86	83	73	84	80
High income	38	58	72	61 ^(a)	86	86	80	73	84	72

(a) In Western Australia the prescribed maximum amount for weekly benefit (\$145 892) would be exhausted during the 96th week of compensation. After this time, if there were exceptional circumstances a further amount of \$109 419 could be approved. This example assumes there were no exceptional circumstances.

For low income earners, New South Wales, Queensland and Western Australia provide the highest percentage of pre-injury earnings over 120 weeks of incapacity, providing 100% of pre-injury earnings in compensation. This is because these jurisdictions provide full coverage of earnings for employees working under awards. Reductions in compensation payments would have occurred for non-award employees. Victoria provides the lowest percentage of pre-injury earnings for 120 weeks

of incapacity (77%) due in part to the step-down in benefits to 75% of pre-injury earnings after 13 weeks of compensation.

For middle income earners, South Australia provides the highest percentage of pre-injury earnings, at 89%, followed by Western Australia (87%) and Tasmania (86%). New South Wales provides the lowest percentage of pre-injury earnings for the full period of incapacity (62%) due to the lower payments from the first day of injury for non-award workers and the restrictions applied after 26 weeks. In the New South Wales scheme, once 26 weeks of compensation have been paid, the injured worker is entitled to 90% of Average Weekly Earnings (as defined by the Australian Bureau of Statistics) plus extra entitlements for dependants.

In contrast to the low income scenario, where 8 of 9 Australian jurisdictions provide full income protection for the first 13 weeks, the high income scenario shows that only four jurisdictions provide full income protection for high income earners.

Permanent incapacity

This scenario shows the entitlements payable for a degree of permanent incapacity caused by a workplace injury. Each jurisdiction has a predetermined maximum lump sum payment for injuries causing permanent impairment. Maximum amounts are payable in cases of full and permanent impairment. Appendix Table 8 lists entitlements under workers' compensation schemes for each jurisdiction. The following scenario is indicative only for these types of payments.

Scenario

The employee's pre-injury earnings were \$1000 gross per week. The employee is 35 years of age and at the time of injury had a dependent spouse and two children aged 7 and 8. The older child enters the workforce at 16 and the other remains in full-time education until age 25. The employee contributed to a superannuation fund. There was no contributory negligence on his part and no mitigating factors.

As a result of the workplace incident, the employee was diagnosed with complete tetraplegia below the 6th cervical neurological segment. This resulted in paralysis of his hands, impaired upper body movement and paralysis of the trunk and lower limbs. He lost all lower body function and was wheelchair-bound. Incapacity was total and permanent and there was no real prospect of returning to work.

Indicator 17 details the entitlements payable to the injured employee and includes: the weekly benefits payable for the remainder of the employee's working life (30 years in this instance); and all lump sum payments for permanent incapacity, including estimates of common law settlements where applicable, but excluding medical and like services such as attendant care. Appendix table 7 identifies jurisdictions that have access to common law.

These data show that most jurisdictions pay around the same amount in compensation under this scenario with Victoria providing the highest entitlements at \$1 618 120. NSW provides similar entitlements at \$1 589 049, while the ACT provides the lowest entitlement for this scenario at \$1 186 839. The Victorian scheme offers the injured worker a number of options. In this scenario, as the statutory maximum for pain and suffering damages is greater than the maximum statutory impairment benefit, it is assumed that the worker will elect not to pursue the statutory impairment benefit but will instead seek and be awarded pain and suffering damages. Conversely, it is assumed the worker will elect to receive ongoing weekly compensation in preference to pursuing pecuniary loss damages which are capped at a lower level.

In Western Australia a worker in this scenario would receive statutory entitlements, however, in all likelihood they would subsequently elect to claim for damages under common law provisions. As there is no upper limit on estimates of compensation that could be expected from a common law claim, a figure in excess of \$1.5 million is possible. Statutory benefits are repaid if common law damages are awarded.

Workplace fatality

This example examines the entitlements payable to dependants of an employee who died following a workplace incident. Entitlements to dependants are paid by way of a lump sum and/or weekly benefits, depending on the employee's circumstances and scheme design. The date of death for this example was 1 January 2006.

Pecuniary entitlements may be affected by common law payments in jurisdictions where there is access to common law redress. South Australia and the Northern Territory have no access to common law, while the Australian Government has limited access to common law. In Victoria there may be access to an additional lump sum under the Wrongs Act.

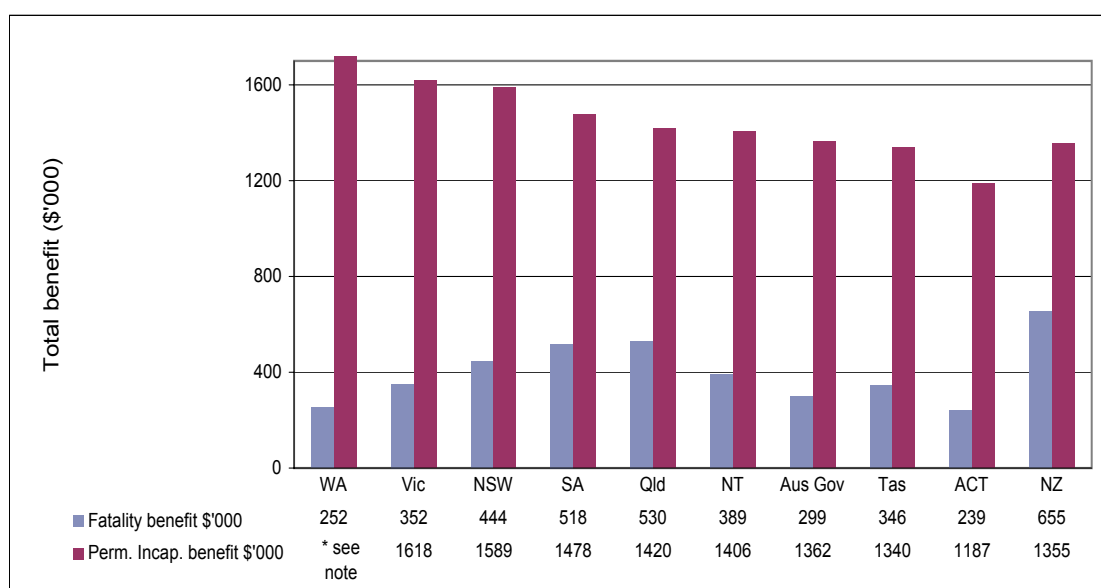
Scenario

The deceased employee and family circumstances in this scenario are the same as in the previous example but in this case the workplace incident resulted in death. The spouse did not re-enter the workforce or re-marry for ten years.

Indicator 17 shows that a number of jurisdictions provide similar benefits. Queensland provides the highest entitlement payable to dependants in Australia following a workplace incident resulting in a fatality at \$530 479. See Appendix 2 for details.

New Zealand reports \$655 200 payable to dependants, substantially more than the Australian jurisdictions. The New Zealand scheme provides little in the way of lump sum amounts but provides high weekly benefits to the spouse and children while the children remain dependants.

Indicator 17 – Level of entitlements for permanent incapacity or fatality as at 1 January 2006



* See comment on page 21 which states that substantial payments from common law are available for the scenario

Chapter 5 – Workers’ compensation scheme performance

There are significant differences in the funding arrangements for the various schemes around Australia. The schemes that are centrally funded (New South Wales, Victoria, Queensland, South Australia, Comcare and New Zealand) have their OHS and workers’ compensation functions, staffing and operational budgets funded by premiums. For those jurisdictions with privately underwritten schemes, funding for the non-workers’ compensation functions comes directly from government appropriation. This may have an impact on the data shown in this section.

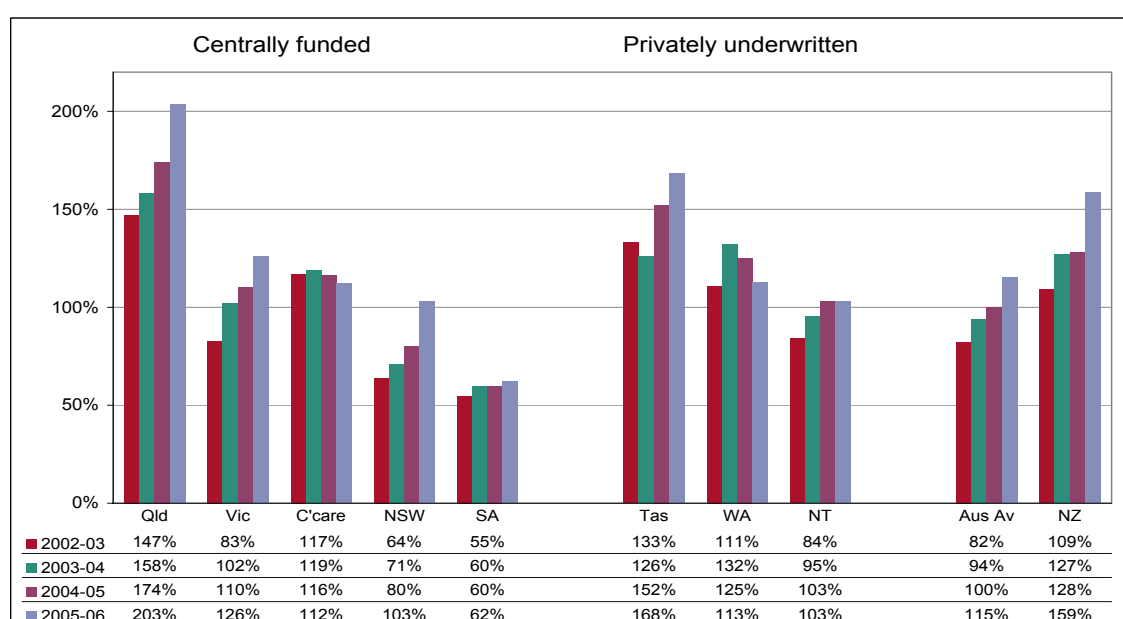
Assets to liabilities ratio

Indicator 18 reports the standardised ratio of assets to net outstanding claim liabilities (funding ratio) for each jurisdiction. Only four financial years are shown because a change in the methodology used to standardise net liabilities meant that some jurisdictions were unable to provide information for 2001–02.

This indicator is a measure of the adequacy of the scheme to meet future claim payments. Ratios above 100% indicate that the scheme has more than sufficient assets to meet its predicted future liabilities. Conversely, low ratios could be an indication of the need for a scheme to increase its premium rates to ensure assets are available for future claim payments. Funding ratio trends should therefore be considered in conjunction with the premium rates reported elsewhere in this report.

Indicator 18 shows that the Australian average funding ratio has risen to 115% due to better investment returns over recent years and reforms introduced into a number of schemes designed to improve their financial position. Substantial increases were recorded in New South Wales, Queensland, Victoria, Tasmania and New Zealand. All jurisdictions, except South Australia, have funding ratios above 100%, indicating that assets are sufficient to meet future liabilities.

Indicator 18 – Standardised ratio of assets to net outstanding claim liabilities



There have been improvements in the viability of many jurisdictional schemes over the past four years. Good investment returns, strong wages growth increasing premium revenue, changes in the amount of benefits, improvements in incidence rates of injury, legislative changes and changes to claims management procedures are some of the main reasons for these improvements.

The substantial improvement in the funding ratio for Queensland is due to the factors mentioned above and to a change to workers' compensation legislation surrounding latent onset injuries, such as those caused by asbestos exposure. For these injuries the injury date is now deemed to be when first diagnosed by a medical practitioner rather than the date at which the exposure occurred. As the legislation also states that outstanding claim estimates are only required for those injuries that have been diagnosed (but not settled), approximately \$500 million previously held in provision for asbestos claims not yet received is no longer required. This has substantially increased the ratio of assets to liabilities for Queensland.

The data shown in this indicator may differ from jurisdictions' annual reports due to the use of a standard definition. In addition, differences from annual reports will arise from the standardisation applied to account for the different economic and actuarial assumptions used in valuing liabilities across the jurisdictions.

While a standard definition of the funding ratio of net outstanding claim liabilities has been adopted to improve comparability across jurisdictions, there still remain fundamental differences between centrally managed and privately underwritten schemes. For this reason, schemes within each group are more comparable. The Seacare and Australian Capital Territory Private schemes are privately underwritten, but no data are currently available for this indicator. More information is contained in point 4 of Appendix 1 - Explanatory notes, at the back of this report.

Scheme expenditure

Indicator 19 shows the proportion of total scheme expenditure paid out in payments to injured employees plus administrative costs for the periods 2001–02 and 2005–06. This table shows the shift to higher proportions of expenditure going in claim management costs and less in direct payments. This is not to be interpreted as less money going to injured workers but rather that increased claims management expenditure has led to injured workers returning to work sooner.

The indicator shows that in 2005–06, compensation paid direct to the worker accounted for just over half of all scheme expenditure. Direct compensation is paid to injured employees either as weekly benefits, redemptions, common law settlements (excluding legal costs) and non-economic loss benefits. Direct payments as a proportion of total scheme expenditure were highest in Queensland (66%) and lowest in Tasmania (44%) and New South Wales (46%). Generally the privately underwritten schemes have higher proportional expenditure on administrative costs and lower direct payments. This is due to the profit margins built into the administration costs.

In New South Wales, the change in the amount of payments direct to workers between 2001–02 and 2005–06 is due to the introduction of legislative changes from 1 January 2002, which shifted the NSW focus to the payment of medical expenses, weekly income support and return to work services, resulting in significantly improved health and social outcomes for workers.

Indicator 19 – Total scheme expenditure

Scheme Costs	NSW	Vic	QLD	WA	SA	Tas	NT	Comcare	Seacare	Australia	NZ
Expenditure (\$M)											
2001-02											
Direct to worker	1 787.3	595.8	380.8	200.8	210.1	60.1	22.4	133.7	3.0	3 393.9	64.6
Services for worker	665.7	273.5	75.9	89.1	71.7	22.1	8.3	38.8	1.2	1 246.3	69.0
Claims management costs	428.3	164.3	58.1	83.7	30.4	22.0	9.0	17.9	0.5	817.5	18.0
Other administration costs	170.3	143.4	75.1	47.4	39.5	2.0	3.7	20.1	0.6	498.8	23.2
Total scheme expenditure	3 051.6	1 177.0	590.0	421.0	351.7	106.1	43.5	210.5	5.2	5 956.5	174.9
2005-06											
Direct to worker	943.0	701.7	519.4	285.9	336.8	37.9	28.9	143.4	4.1	3 001.1	145.9
Services for worker	503.9	309.2	115.3	134.4	114.9	21.5	12.2	62.2	1.0	1 274.5	129.6
Claims management costs	490.0	271.3	71.0	129.1	43.4	26.1	11.7	22.3	0.7	1 069.3	25.4
Other administration costs	94.9	149.5	86.7	53.4	40.6	1.2	3.9	23.1	0.7	454.3	55.1
Total scheme expenditure	2 031.7	1 431.7	792.4	602.7	535.6	86.7	56.8	250.9	6.5	5 799.1	356.0
Percentage of total expenditure (%)											
2001-02											
Direct to worker	58.6	50.6	64.5	47.7	59.7	56.6	51.6	63.5	57.0	57.0	36.9
Services for worker	21.8	23.2	12.9	21.2	20.4	20.8	19.1	18.4	22.8	20.9	39.5
Claims management costs	14.0	14.0	9.8	19.9	8.6	20.7	20.8	8.5	8.6	13.7	10.3
Other administration costs	5.6	12.2	12.7	11.3	11.2	1.9	8.5	9.5	11.5	8.4	13.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2005-06											
Direct to worker	46.4	49.0	65.6	47.1	62.9	43.7	50.9	57.1	62.5	51.8	41.0
Services for worker	24.8	21.6	14.6	22.1	21.5	24.8	21.5	24.8	15.7	22.0	36.4
Claims management costs	24.1	19.0	9.0	21.9	8.1	30.2	20.7	8.9	11.5	18.4	7.1
Other administration costs	4.7	10.4	10.9	8.9	7.6	1.4	6.9	9.2	10.4	7.8	15.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Medical and other services expenditure (such as medical treatment, rehabilitation, legal costs, return to work assistance, transportation, employee advisory services and interpreter costs) is used to assist employees to recover from injury. The proportion of medical costs were lowest in Queensland (15%).

Claims management costs encompass: registration of employers, collection of premiums, claim investigations, medical reports, case management, coordinated care programs and other costs associated with the management and payment of claims. Other administration costs are predominantly costs associated with disputation.

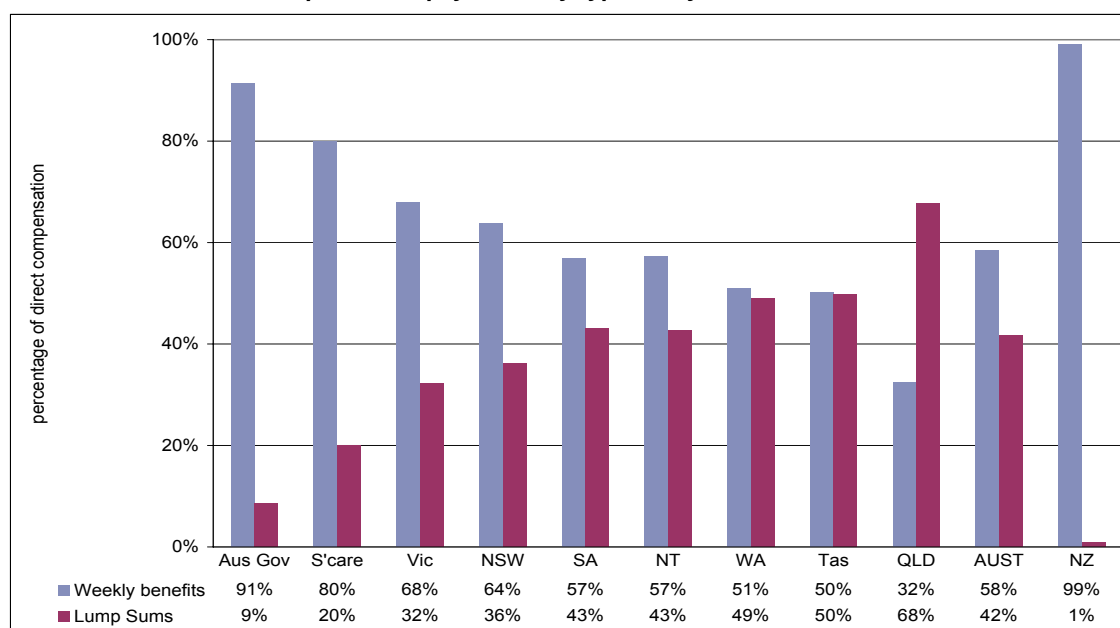
In 2005–06, claims management costs in Australia accounted for 18% of total expenditure, up from 14% in 2001–02. These costs were highest in Tasmania, accounting for 30% of expenditure.

New South Wales recorded an increase in the proportion of claims management costs due to the introduction of new agent remuneration arrangements, which contained incentives to improve performance, particularly in the tail and recovery areas. The remuneration package for NSW was also structured to drive insurer performance during a time of significant scheme change. During 2005–06 the management structure of the scheme was further overhauled to link agent performance with remuneration. Through the combination of all these factors there has been a significant improvement in the scheme's performance.

The New Zealand proportions display a different pattern to the Australian schemes with a lower proportion in direct payments but a higher proportion in medical and other services costs. This is due to the nature of the scheme where a greater proportion of workers' medical costs are identified as work-related. In Australia, the Medicare system would most likely pick up some medical costs for work-related injuries where a workers' compensation claim is not submitted.

Administrative costs are impacted on by the type of scheme in operation. Indicator 20 shows the distribution of direct payments into weekly benefits and lump sums. The payment of weekly benefits results in higher administration costs. This indicator shows that the Australian Government and Victorian schemes pay out more as weekly benefits, while Queensland is a predominantly lump sum scheme.

Indicator 20 – Direct compensation payments by type and jurisdiction, 2005–06



Durable return to work

This section presents the durable return to work rate compiled from data published in the *2005–06 Australia and New Zealand Return To Work Monitor* (RTW Monitor), which reports on return to work outcomes and injured workers' perceptions of the return to work process. Data for the RTW Monitor are drawn from a survey conducted by Campbell Research and Consulting on behalf of the Heads of Workers' Compensation Authorities (hwca.org.au/reports_rtw.php.) The survey includes injured workers who have been paid 10 days or more compensation by a workers' compensation authority or their employer. The survey does not include injured workers from organisations who self-insure their workers' compensation risk. Western Australia and the Australian Capital Territory do not participate in this survey.

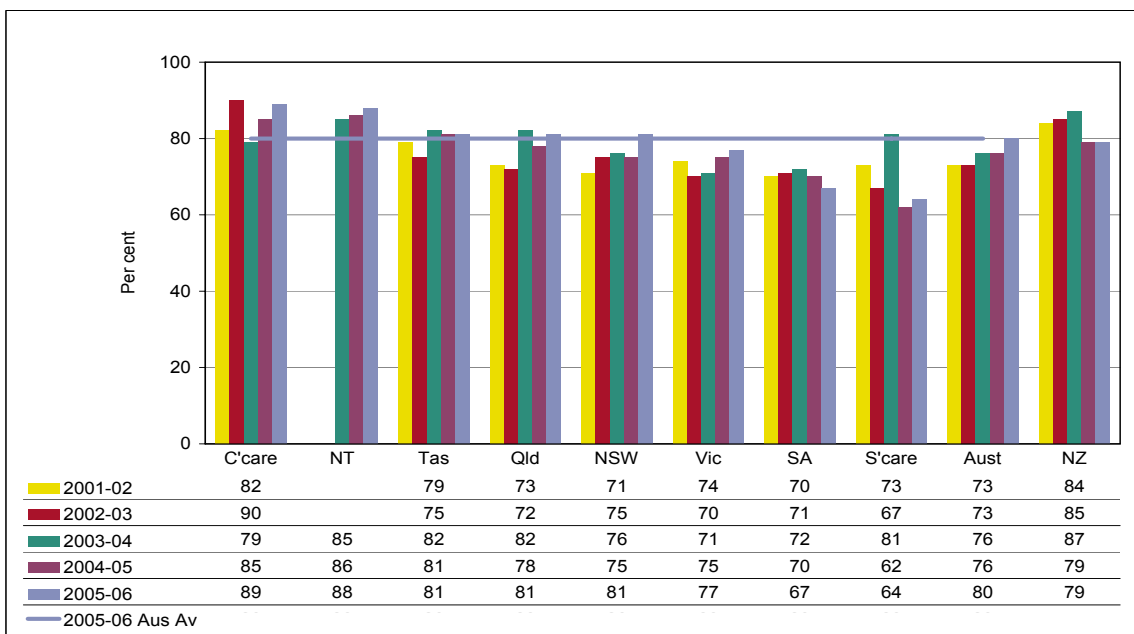
The sample selected for all RTW Monitor surveys consisted of injured workers who had:

- submitted a claim seven to eight months before the date of the survey or seven to nine months for Tasmania, the Northern Territory and the Australian Government, due to the small number of claims in these jurisdictions. For Seacare, due to their even smaller size, the entire population of claimants were invited to be interviewed over four rounds in August, November, February and May
- 10 days or more compensation paid, inclusive of any excess, and
- not been included in another workers' compensation survey in the previous 12 months.

Durable return to work refers to an injured worker who returned to work and was still working at the time of the survey, seven to nine months after their claim. Durable return to work is measured by the injured worker reporting their work status, sources of income and compensation status.

Indicator 21 shows that the 2005–06 Australian average for durable return to work was 80%. This is higher than the rates reported in previous years. New South Wales recorded the greatest improvement from the previous year (6 percentage points increase) followed by Comcare (4 percentage points increase). South Australia was the only jurisdiction to record a lower rate than the previous year (3 percentage points decrease).

Indicator 21 – Durable return to work rate



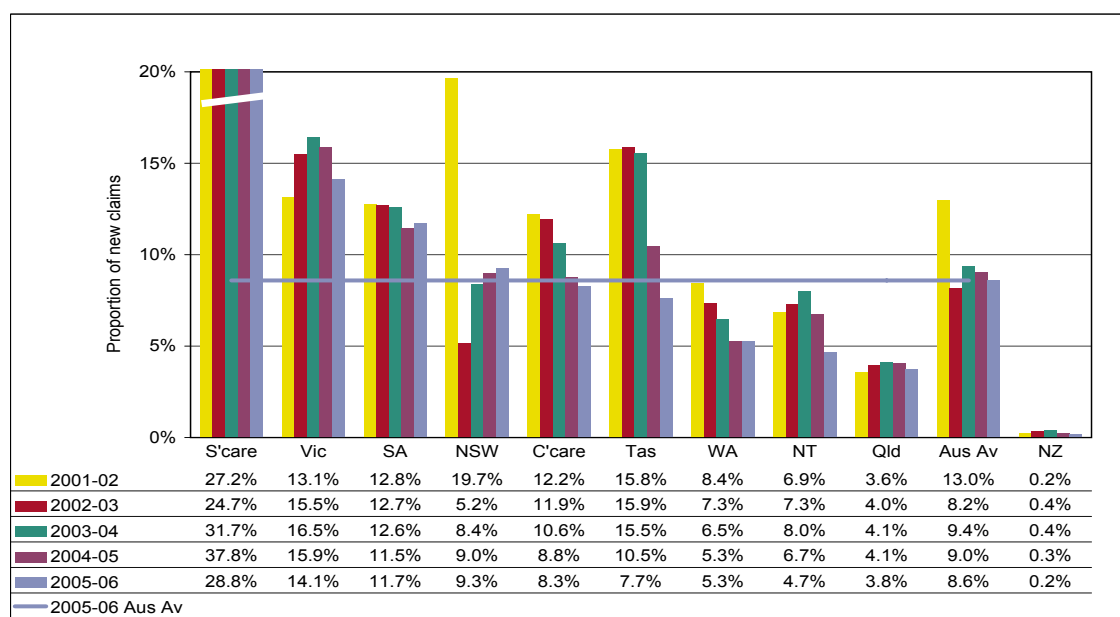
Disputation rate

A dispute is an appeal to a formal mechanism, such as a review officer or conciliation or mediation service, against an insurer's decision or decisions relating to compensation. Disputes exclude common law and also exclude redemptions and commutations unless processed as disputes through the jurisdictions' dispute resolution system. They do not include internal quality assurance audits by senior claims managers.

Indicator 22 shows the number of new disputes as a proportion of new claims lodged in the reference financial year. Therefore the dispute may not be in relation to a claim lodged in the same year. It should also be noted that the number of new claims used in this calculation is all claims lodged within a jurisdiction. Indicator 22 shows that the Australian disputation rate decreased to 8.6% of claims lodged in 2005–06. However it still remains above the rate reported in 2002–03 (8.2% of claims lodged).

Decreases from the previous year were recorded in most jurisdictions with increases recorded in New South Wales and South Australia while Western Australia recorded no change. Queensland reported the lowest disputation rate of all the Australian jurisdictions at 3.8% of claims lodged, with Seacare recording the highest rate at 28.8% of claims lodged.

Indicator 22 – Proportion of claims with dispute



The significant fall reported in New South Wales from 2001–02 to 2002–03 is primarily a result of the introduction of legislative changes to reform the dispute resolution system operating in the state from 1 January 2002. Workers injured prior to 1 January 2002 were given until 1 April 2002 to lodge a dispute under the old system. This resulted in a high number of disputes being lodged in the first three months of 2002 and very few disputes over the period 1 April 2002 to 30 June 2003.

In South Australia, there is provision for deeming delayed, non-exempt decisions as disputes. This may increase the rate for this scheme compared to other jurisdictions.

The disputation rate for Tasmania is influenced by the existence of a preliminary dispute process that was originally intended to protect workers against frivolous and vexatious disputes by employers.

From July 2001, Tasmanian employers were required to make weekly payments on an interim or without prejudice basis until liability was either accepted or the Tribunal had determined that a 'genuine dispute' existed. Less than half the number of 'genuine disputes' proceeded to a hearing. From July 2004, the genuine dispute test was replaced by a higher 'reasonably arguable case' test and the period allowed to determine liability was increased from 28 days to 84 days. These changes have had a dramatic impact on the number of initial liability disputes.

The New Zealand disputation rate is very low because of the universal nature of New Zealand's accident compensation scheme. Since people who have accidents are covered whether the accident occurs at work, home, on the road, playing sport etc., and whether they are employed, self-employed or a non-earner (child, pensioner, student, unemployed), there are very few disputes relating to cover.

Dispute resolution

Only some jurisdictions can supply data on the time involved to resolve disputes. The speed that disputes are resolved depends very much on the systems and processes in place for each jurisdiction. Generally, the simpler the process, the faster the dispute is resolved. Where there is a lag in the collection, exchange and lodgement of information by one or more parties, disputes are likely to be more adversarial and therefore more costly. A high percentage of disputes resolved in a longer timeframe may also indicate that there are a high number of more complex disputes being dealt with within a jurisdiction, or that there are some mandatory medical or legal processes in place which inherently delay resolution.

Indicator 23 shows that there has been little change in the past four years in Australia in the proportion of disputes resolved quickly. In 2005–06, Tasmania resolved nearly half of disputed claims within one month. In contrast less than 4% of disputes were resolved within one month in New South Wales, Victoria and the Comcare schemes. While New Zealand also recorded a low proportion of disputes resolved within one month at 1%, there are very few disputes under the scheme and these involve complex issues.

For most jurisdictions, the majority of disputes were resolved between one and three months from the date of lodgement. In 2005–06, over 93% of disputes were resolved within three months in Queensland, 63% were resolved in this time period in Tasmania and 55% in Victoria. Comcare disputes generally took more time to resolve than disputes in other jurisdictions. As Comcare disputes proceed to an external and independent body, Comcare has no control over the associated timeframes for dispute resolution. These disputes tend to be quite complex and require a longer time to resolve.

Western Australia recorded much longer times to resolve disputes in 2005–06 compared to 2001–02. This is in part due to legislative changes to the dispute resolution process which took effect from November 2005. New internal dispute resolution mechanisms have resulted in a reduction of the number of minor disputes lodged with WorkCover WA, leaving the more complex disputes which by their nature take longer to resolve.

Indicator 23 – Percentage of disputes resolved within selected time periods (cumulative)

Jurisdiction	Within 1 month (%)	Within 3 months (%)	Within 6 months (%)	Within 9 months (%)
2001–02				
NSW	n/a	n/a	n/a	n/a
Victoria	3.5	55.1	77.8	89.2
Queensland	17.4	83.7	96.9	98.2
Western Australia	31.1	55.5	71.2	79.4
Tasmania	16.0	65.3	79.8	85.7
Comcare	4.5	13.5	28.7	47.7
Australia*	12.4	59.1	78.0	86.9
New Zealand	17.4	69.9	92.3	97.0
2005–06				
NSW	2.4	45.7	78.1	91.9
Victoria	3.5	54.5	75.4	88.0
Queensland	28.6	93.2	99.0	99.6
Western Australia	22.1	44.5	60.7	71.8
Tasmania	47.5	63.7	74.9	82.6
Comcare	3.2	12.5	26.5	42.5
Australia*	12.3	58.5	75.6	85.9
New Zealand	1.0	52.7	85.2	94.2

* includes only those jurisdictions listed above

The resolution times for New South Wales are impacted on by a number of distinguishing features of the Workers' Compensation Commission (WCC) which inherently increase the time taken to finalise disputes. These features include:

- the WCC incorporates a mandatory binding medical assessment process into their proceedings in relation to disputes over the quantum of permanent impairment entitlements. Entitlement to compensation for permanent impairment is disputed in over 70% of Applications to Resolve a dispute lodged with the Commission
- the WCC incorporates appellate processes for both decisions of arbitrators and decisions of approved medical specialists. The Commission's figures include appeals against binding medical decisions and appeals against decisions by arbitrators (both interlocutory decisions and substantive decisions by arbitrators), and
- the WCC also has a 10 week information exchange period, to provide for material under Direction for Production (subpoena) to be obtained, during which no dispute resolution intervention is undertaken.

Similarly, the resolution times for Victoria are impacted by the compulsory conciliation process which may or may not involve medical panel referral and the fact that court litigation can only occur at the conclusion of the compulsory conciliation process.

Chapter 6 – Industry information

Claims by industry

Indicator 24 shows the incidence rate of claims across industries in Australia in descending order based on the 2005–06 year. In 2005–06, the Manufacturing industry reported the highest incidence rate at 28.6 claims per 1000 employees followed by the Transport and storage industry with 28.3, the Agriculture, forestry and fishing industry with 25.9 and the Construction industry at 25.3.

Under the National OHS Strategy the following industries have been identified as priorities for improvement: Transport and storage, Manufacturing, Construction and Health and community services. Following the triennial review of the National OHS Strategy, the Agriculture, Forestry and Fishing industry was added to this list from 2005–06. These five industries account for 35% of all employees in Australia. The four highest incidence rates have been recorded in industries receiving focus under the National OHS Strategy.

Decreases in the incidence rate of claims from the previous year were recorded in all industries except for Wholesale Trade and Government Administration and defence which recorded minor increases. A decrease from the previous year is expected as the 2005–06 data are preliminary and will rise as more claims lodged in that year are accepted.

Excluding these preliminary data, falls in the incidence rate of claims were recorded in most industries over the period 2001–02 to 2004–05. The greatest percentage falls in incidence rates over this period were recorded by the Mining industry which decreased by 30% and the Cultural and Recreational Services industry which decreased by 24%.

More detailed information on claims by industry can be found in the *Compendium of Workers' Compensation Statistics*, which can be found at ascc.gov.au.

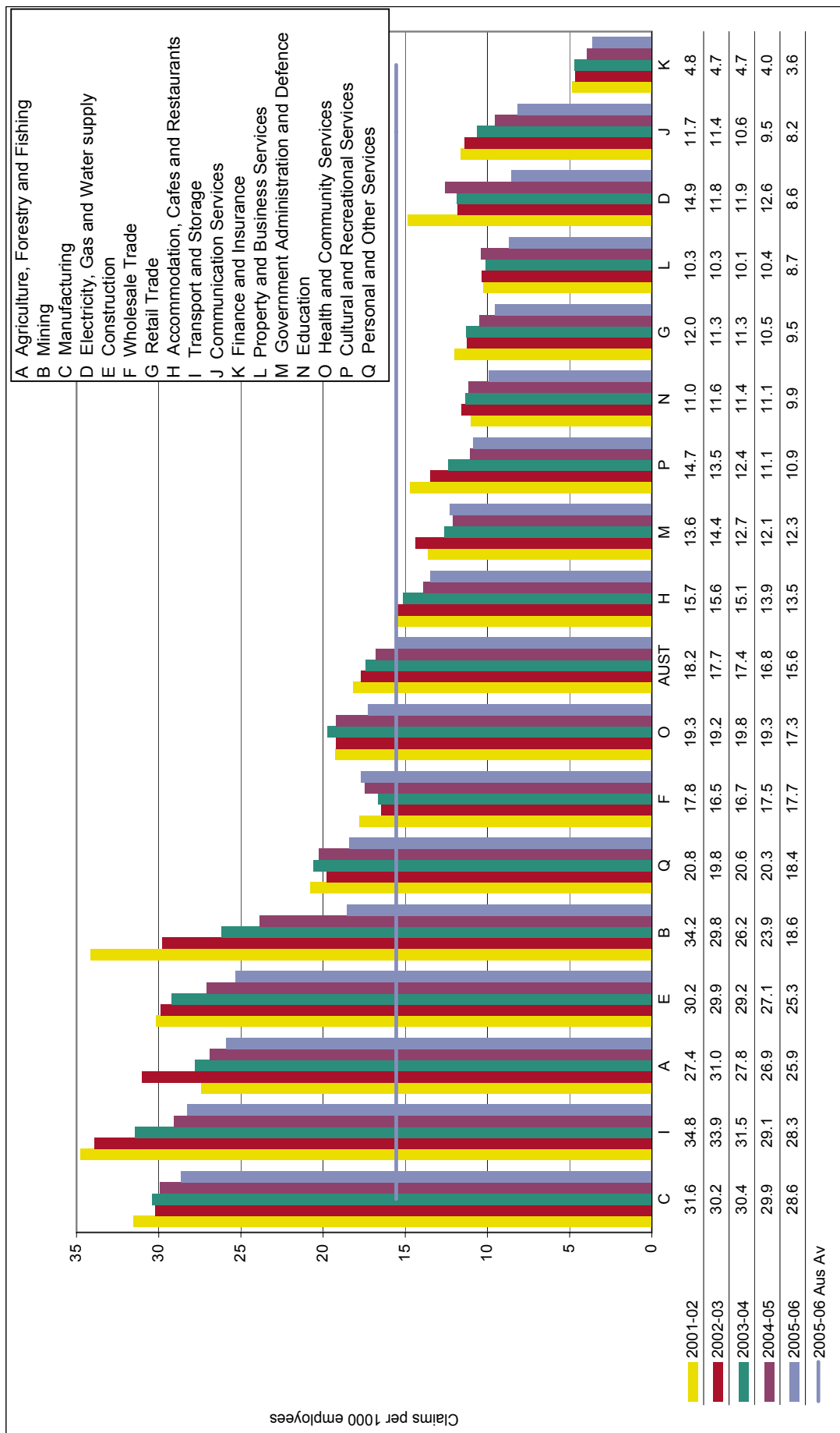
Premium rates by industry

Indicator 25 shows average premium rates by industry in Australia, in descending order for the years 2003–04 to 2005–06. These data show that the Agriculture, forestry and fishing industry recorded the highest average premium at 4.4% of payroll. The lowest premium rate was recorded by the Finance and insurance industry at 0.4% of payroll.

All industries recorded decreases from 2003–04 except for the Accommodation, cafes and restaurants and Government administration and defence which recorded no change over this period. The largest percentage falls were recorded in the Electricity, gas and water industry and the Finance and insurance industry both of which fell 20% from 2003–04 to 2005–06. This was followed by the Education industry which recorded a 15% fall in premium rates over this period.

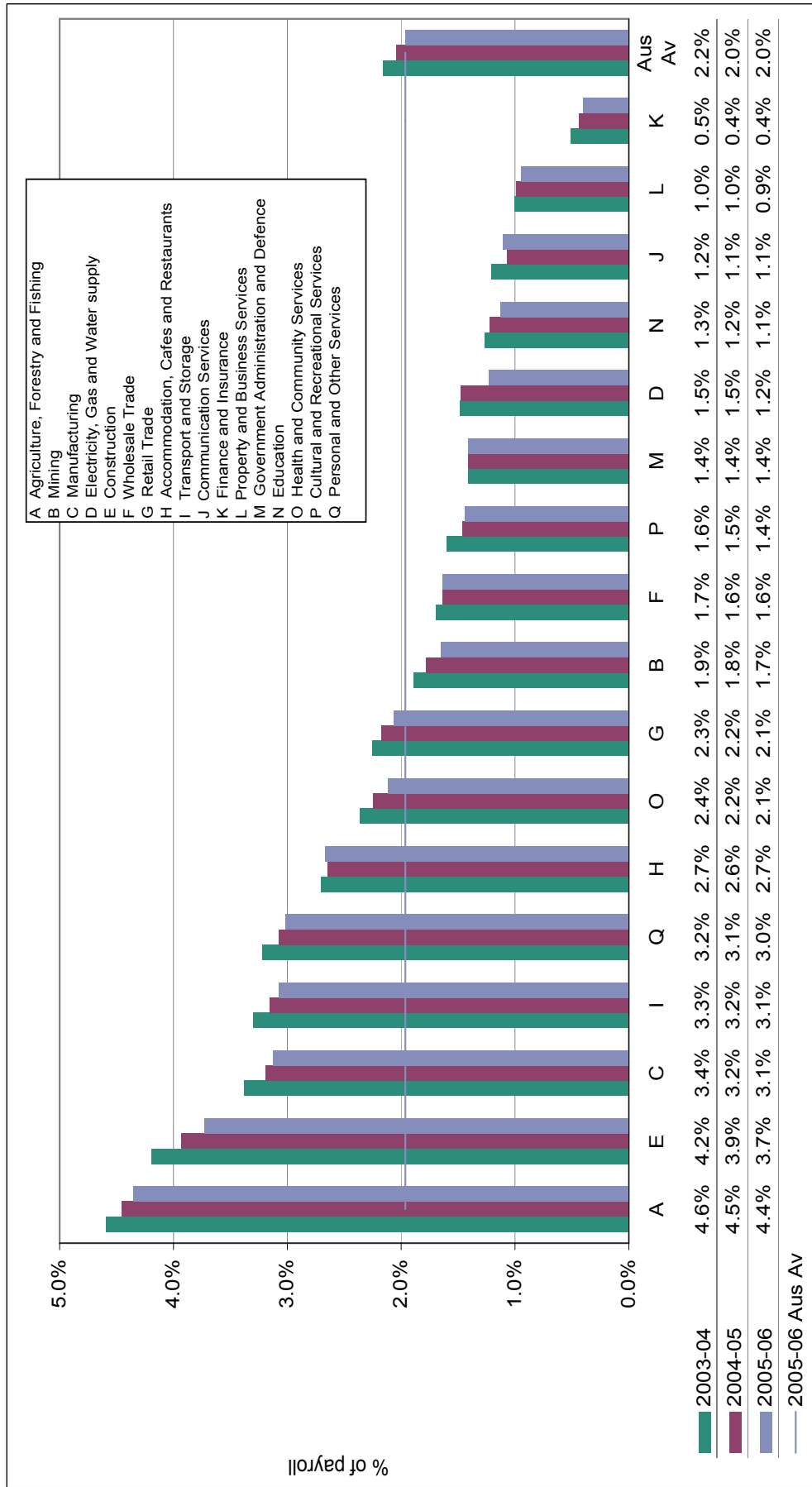
The published industry rates for a number of schemes are not necessarily based solely on risk-profile or performance, as some schemes cross-subsidise premiums. The premium rates quoted in this section of the report are based on premiums in each industry divided by remuneration in that industry.

Indicator 24 – Incidence rate of serious* claims by industry



* Includes accepted workers' compensation claims for temporary incapacity involving one or more weeks of compensation plus all claims for fatality and permanent incapacity

Indicator 25 – Australian average premium rates by industry



Appendix 1 - Explanatory notes

1. Workers' compensation claims data

Scope

The data presented in this report are collected through the *National Data Set for Compensation-based Statistics* (NDS) and are compiled annually from claims made under the State, Territory and Australian Government workers' compensation Acts. The New Zealand Accident Compensation Corporation also collects data in accordance with the NDS. This report is restricted to claims which resulted in a fatality, permanent disability or a temporary disability with an absence from work of one working week or more excluding those occurring on a journey to or from work. One working week is defined as being lost when the number of hours lost is greater than or equal to the number of hours usually worked per week.

The data in this report do not cover all cases of occupational injury and disease as generally only employees are covered by workers' compensation. Therefore many contractors and self-employed workers are not covered by these data. The exclusion of self-employed persons is likely to result in an understatement of the number of cases for industries where self-employed persons are common, for example, Agriculture, forestry and fishing; Construction; Transport and storage - Road transport; and Retail trade. However the incidence and frequency rates shown in this report for all industries can be considered reliable as the denominators used in the calculation of the rates have been adjusted to also exclude self-employed persons.

In addition the following have been excluded from the data in this report:

- temporary disability occupational injuries resulting in absences from work of less than one working week
- military personnel within the defence force
- cases not claimed as workers' compensation or not acknowledged as being work-related, and
- claims for compensation to the Dust Diseases Board of New South Wales.

The estimates for number of employees and hours worked are supplied by the Australian Bureau of Statistics (ABS) and are based on the Labour Force Survey and the Survey of Employment and Earnings data. These data are matched to the scope of the claims data but may not be exact, particularly in the smaller jurisdictions due to the number of employees being derived from a survey of the population rather than a census. The Australian Bureau of Statistics also conducts a full census of the population every five years. The labour force estimates are then benchmarked against the Census.

Australian Government employees working in each jurisdiction have been included in Australian Government figures rather than State or Territory results. The Australian Capital Territory Public Service employees are covered by the Comcare scheme but operate under the OHS provisions of the Australian Capital Territory. As such, these employees and their claims have been combined with Australian Capital Territory Private sector employees for reporting outcomes in Chapters 1 and 2 of this report.

The following table shows: the preliminary number of claims that resulted in a fatality, permanent incapacity or a temporary incapacity with an absence from work of one or more weeks; an estimate of the number of employees in each jurisdiction; and an estimate of the number of hours worked in each jurisdiction in 2005–06. Note that the number of claims shown for Victoria include the adjustment factors as explained later in these notes. The employee and hours figures in the table below are those used to calculate the incidence and frequency rates in this report. Please note that the number of claims shown will increase when updated information is provided by the jurisdictions for next year's report.

Appendix Table 1 – Summary of key jurisdictional data, 2005-06

Jurisdiction	Claims	% of claims	Employees	% of employees	Hours ('000)	% of hours
New South Wales	48 280	34.6	2 863 740	31.9	4 765 046 760	32.2
Victoria	28 960	20.7	2 249 300	25.1	3 657 430 590	24.7
Queensland	29 110	20.9	1 617 210	18.0	2 642 110 690	17.9
Western Australia	12 230	8.8	918 860	10.2	1 538 249 550	10.4
South Australia	11 860	8.5	658 960	7.3	1 059 012 820	7.2
Tasmania	3 430	2.5	193 080	2.2	298 441 200	2.0
Northern Territory	1 340	1.0	89 500	1.0	151 378 940	1.0
Australian Capital Territory	1 780	1.3	117 480	1.3	188 129 750	1.3
Australian Government	2520	1.8	260 810	2.9	481 893 360	3.3
Seacare	120	0.1	3 670	0.0	15 895 010	0.1
Australian Total	139 630	100.0	8 972 590	100	14 797 588 670	100
New Zealand	24 720		1 808 205		3 344 892 480	

Time series and adjustment of scheme data

The incidence and frequency rates shown for historical data are different from those presented in previous reports. There are two reasons for this: the first is that number of accepted claims changes annually due to further data development; and the second reason is that there has been a review of the number of employees and hours worked as supplied by the ABS affecting all years.

Data shown in this report for 2005–06 are preliminary, unless otherwise stated, as they are taken from an earlier stage of claims processing than data for previous years shown in this publication. Therefore, these data are likely to be understated and comparison of 2005–06 data with previous annual data should be undertaken with caution. In analysing trends over time, consideration needs to be given to any changes to jurisdiction-specific legislation during the period concerned. Where provided, commentary relating to these comparisons should be read carefully.

Frequency rates for the Seacare scheme have been calculated using a 24-hour basis in recognition of the 24-hour risk of exposure due to the nature of maritime industry employment. This definition is consistent with data published by the Seacare Authority.

Due to difficulties obtaining time lost in hours for the Northern Territory, data have been estimated using the definition of a working week of five working days. To make the data reported from the Northern Territory and data reported for all other jurisdictions comparable, the data for the Northern Territory has been increased by a factor of 3.3% from 2000–01 onwards. A factor of 3.3% has also been applied to the Western Australia data in 2005–06 to account for the large number of claims for which liability had not yet been resolved but which were expected to be accepted shortly.

Definition of injury and disease

Occupational injuries are defined as all employment-related injuries which are the result of a single traumatic event, occurring while a person is on duty, or during a recess period, and where there was a short or non-existent latency period. This includes injuries which are the result of a single exposure to an agent(s) causing an acute toxic effect.

Occupational diseases are defined as all employment-related diseases which result from repeated or long-term exposure to an agent(s) or event(s), or which are the result of a single traumatic event where there was a long latency period (for example, the development of hepatitis following a single exposure to the infection).

In this report Indicator 10 reports data on fatalities from injuries separately to disease. In this indicator the injuries data also include claims for musculoskeletal disorders (MSD). This change was necessitated by the introduction of a new coding system in Victoria in 2002-03 which resulted in a high number of claims previously coded as *strains and sprains* (injuries) being coded as *diseases of the musculoskeletal system and connective tissue*, more accurately reflecting the repetitive and long term muscle stress that results in these conditions. To minimise the effect of this coding change on time series consistency, musculoskeletal diseases have been combined with the data on injuries for all years and all jurisdictions in this report. A similar change in coding practices across all other jurisdictions will occur progressively from 2005-06 as the 3rd edition of the TOOCS is introduced in each jurisdiction.

Adjustment of Victorian data

Only claims involving one or more weeks of compensation have been used for analysis in Chapters 1 and 2 to enable greater comparability in the jurisdictional data. This takes account of the different employer excesses that exist in various schemes. However under the Victorian workers' compensation scheme the employer is generally liable for the first 10 days of lost wages by the injured worker plus the first \$531 (in 2005-06) of medical services, unless the employer has elected the Excess Buyout option (more information on the Excess Buyout option can be found at workcover.vic.gov.au).

In order to compare Victorian claims data with other jurisdictions, adjustments have been made to estimate the number of 'claims' (that is, workplace injuries and diseases) in Victoria with 5 to 10 days off work. To calculate the Victorian under 10 day excess impact, the percentage of claims of 5 to 10 days duration for Victoria was compared with the percentage of 5 to 10 day claims for other Australian jurisdictions (averaged over the period 2002-03 to 2004-05 to allow adequate claim development). From this comparison, the number of Victorian 5 to 10 day claims was increased by a factor so that the percentage of such claims was similar to the Australian average for 5 to 10 day duration claims. The analysis was undertaken at the industry division level to allow for a greater degree of homogeneity in respect of claim duration. The application of the factors has increased the claims supplied by the Victorian WorkCover Authority from 24 100 to 28 860.

Size of business

The number of employees in each business size has been provided by the Australian Bureau of Statistics. Employment data has been collected from the *Employment, Earnings and Hours* survey. Data on the number of claims is collected in each jurisdiction by a variety of methods, some via the claim form and others by imputing estimates from the data supplied by employers.

Self insurers joining Comcare - adjustment of claims

On 15 March 2007 new legislation came into effect, which extended the coverage of the *Occupational Health and Safety Act 1991* to organisations licensed to self insure under the *Safety Rehabilitation and Compensation Act 1988*.

Previously, former Commonwealth authorities and licensed private sector corporations operated under the Commonwealth workers' compensation regime, but were covered by state and territory OHS legislation in the jurisdictions in which they operated. This amendment removed the need for multiple compliance regimes. Given that the number of employees and hours worked, used in this report to calculate rates, reflect OHS status, workers' compensation claims from those authorities and companies self-insuring with Comcare have been allocated to their OHS jurisdictions for 2005–06. This situation will continue for the 2006–07 publication and change from 2007–08.

2. Return to work data

Data for the *2005–06 Australia and New Zealand Return to Work Monitor* (RTW Monitor) are drawn from a survey conducted by Campbell Research and Consulting on behalf of the Heads of Workers' Compensation Authorities. The survey is conducted in November and May each year. The 2005–06 sample consisted of 3014 injured workers who had made a workers' compensation claim. The figures reported in this section for Comcare include the Australian Capital Territory Public Service. The Australian Capital Territory Private Sector and Western Australia do not participate in this survey. The Australian average for each year is calculated using the jurisdictions that participated in the survey for that year. The full RTW Monitor can be viewed at hwca.org.au.

Appendix Table 2 – Sample size by jurisdiction 2005–06

Jurisdiction	Total Sample Size
New South Wales	600
Victoria	605
Queensland	600
South Australia	400
Tasmania	400
Northern Territory	121
Comcare	251
Seacare	37
TOTAL of Australian jurisdictions	3 014
New Zealand	600

Sampling error

The following paragraph is taken from the RTW Monitor.

A sample of all eligible injured workers are surveyed, as such the statistics produced have sampling error associated with them. That is, estimates from the survey may differ from the numbers that would have been produced if all eligible injured workers had been surveyed. The statistical estimate of sampling error is the standard error. The standard error provides a basis for measuring the precision to which the sample estimate can estimate the population value. There is about a 5% chance that the true value lies outside a range of two standard errors either side of the sample estimate. Such a range defines a 95% confidence interval for that estimate.

Appendix 3 shows the standard errors for the current sample size at the 95% confidence interval. This table indicates that if the survey estimate produced a value of 50% then we can be 95% certain that the true value would lie between 48.2% and 51.8% if the entire population was surveyed.

Appendix table 3 – Survey estimates of 50% and 80% at 95% confidence interval

Sample size	Survey estimate of 50%			Survey estimate of 80%		
	Confidence interval	Lower band	Upper band	Confidence interval	Lower band	Upper band
3014	+/- 1.8%	48.2%	51.8%	+/- 1.4%	78.6%	81.4%

Interpretation of Seacare Authority return to work results

Seacare Authority injured workers face unique problems in attempting to return to work which need to be considered when interpreting Seacare results. To facilitate graduated return to work for an injured seafarer, a supernumerary position on a ship needs to be found and there are few supernumerary positions available. Also, it can be difficult to include shore-based duties as part of a graduated return to work, as many seafarers live in different locations to their employers' offices.

Injured seafarers have to be passed as medically fit under fitness-for-duties regulations to resume full pre-injury duties. The injury time for seafarers may also be extended by the fact that ships are away from port for four to six weeks, meaning that injured workers may not be able to resume work immediately after they are deemed fit to do so. These factors can result in injured workers waiting additional time to return to work.

3. Standardised average premium rates

The most significant difference between the schemes in the definition of remuneration for the purpose of premium calculations is whether or not employer superannuation contributions are included. The inclusion of superannuation increases the base on which premiums are calculated, thereby reducing the percentage premium rate, meaning the rates across schemes are not comparable. From this publication the definition of remuneration has been changed to include superannuation for the calculation of standardised average premium rates, where previous publications removed superannuation.

Other issues affecting the comparability of premium rates across the schemes include:

- differences in benefits and coverage for certain types of injuries, in particular the coverage of the journey to and from work
- different levels of accident frequency and severity
- differences in claims management arrangements
- variations in the funding arrangements for delivery of OHS services, with some jurisdictions providing degrees of cross-subsidisation
- differences in the definitions of wages for premium setting purposes and different scheme excess deductibles (note that wage under-declaration has not been accounted for as it is considered to have a similar prevalence in each jurisdiction)
- different levels of self-insurance
- different industry mixes

- differences in premium calculation methodology, for example, some schemes have experience rating formulae and some have exemptions for employers with low payrolls
- different actuarial assumptions used in the calculation of premium rates, and
- Queensland levies stamp duty on premiums. In Western Australia stamp duty on workers' compensation premiums was abolished as from 30 June 2004.

The premium rate data in this report take into account differences in remuneration, self-insured premiums, employer excess and journey claim coverage.

Premiums in the self-insured sector

Most jurisdictions allow large employers to self-insure their workers' compensation if they prove they can manage the associated financial and other risks. Jurisdictions with a large proportion of employees under self-insurance arrangements include New South Wales, South Australia, Tasmania and the Australian Government. Significantly fewer self-insurers operate in Victoria, Queensland, Western Australia and the Australian Capital Territory Private Scheme. A number of methodologies are employed in this report to obtain an estimate of the amount of premium that self-insurers would pay.

Employer excess factors

Some schemes have non-compensable excesses whereby the employer pays the first five or ten days compensation and/or meets medical expenses to a maximum amount. To improve comparability of premium rates, a common deductible of the first five days compensation with no medical costs has been applied. The factors applied to the insured sector data in each jurisdiction are shown in the Appendix Table 4. Adjustment factors are also applied to the self-insured sector to make the data consistent with the common deductible of the first five days compensation with no medical costs.

Appendix Table 4 – Premium rate adjustment factors (%)

Jurisdiction	Employer excess factors			Journey factor
	Insured sector		Self insured sector	
	Time lost excess	Medical expenses excess	Time lost excess	
New South Wales	n/a	n/a	-4.2	-7.1
Victoria	2.3	1.6	-4.2	n/a
Queensland	n/a	n/a	-4.2	-5.9
Western Australia	-4.0	n/a	-4.0	n/a
South Australia	2.0	n/a	-4.2	n/a
Tasmania	n/a	1.2	-4.2	-0.8
Northern Territory	-5.0	n/a	-4.2	-1.3
Australian Capital Territory Private	-6.2	n/a	-6.2	-4.3
Australian Government	-2.5	n/a	-2.5	-8.5
Seacare	Excess adjustment factors reviewed annually			-6.4
New Zealand	n/a	n/a	n/a	n/a

Journey factors

All jurisdictions except Victoria, Western Australia, South Australia and New Zealand provide some level of coverage for journey claims. Hence an estimated amount equal to the cost of providing this coverage has been removed from the premium rates of the jurisdictions who provide this type of coverage. The factors applied are shown in the Appendix table 4. In New Zealand journey claims are covered by a different scheme.

Seacare scheme

Seacare scheme policies often include large excesses, ranging from \$5000 to \$100 000, representing approximately three weeks to more than 12 months compensation, with the majority of policies containing excesses in the \$5000 to \$25 000 range. An adjustment factor has been developed to take into account the large and variable deductible. The impact of this factor is observed in the notable difference between Seacare's raw premium rate and the premium rate after the employer excess adjustment has been applied (see columns 3 and 4 of the Appendix Table 5).

Effect of adjustment factors on premium rates

Appendix Table 5 presents average premium rates with various adjustments to assist comparability. Each column in this table represents progressively adjusted premium rates as follows:

- Column 1. These data are average premium rates for insured employers only, calculated using the definition of remuneration as used by that jurisdiction, i.e. superannuation included where applicable. GST was excluded in all cases. Rates are applicable to the employer and medical excesses that apply in each jurisdiction and hence should not be compared.
- Column 2. These rates are average premium rates for the insured sector adjusted to include superannuation in the definition of remuneration. Estimates of superannuation were applied to Western Australia, Tasmania, the Northern Territory and Australian Capital Territory Private. All other jurisdictions were able to provide appropriate data. Data for New Zealand were also adjusted to include superannuation.
- Column 3. These rates are the average premium rates for each jurisdiction including both the insured and self-insured sectors before any adjustment factors are applied.
- Column 4. These rates adjust the rates in column 3 to account for the different employer excesses that apply in each jurisdiction. The adjustment made to the data from the self-insured sector may be different to that applied to the premium paying sector due to the assumption that a nil employer excess applies to the self insured sector. More information on the adjustment factors used in this calculation is included in the Explanatory notes at the end of this section.
- Column 5. These rates further adjust the rates in column 4 to remove a component comparable to the cost of providing workers' compensation coverage for journeys to and from work. These adjustments apply to all jurisdictions except Victoria, Western Australia, South Australia and New Zealand where the coverage for these types of claims is outside the workers' compensation system.

Appendix Table 5 – Effect of adjustment factors on premium rates in 2005–06

Jurisdiction	Average premium rates for premium paying sector		Total ^(a) average premium rate	Total* average premium rate adjusted for employer excess	Total* average premium rate adjusted for employer excess and journey claims
	Unadjusted	Adjusted to include super-annuation			
	1	2	3	4	5
NSW (b)	2.62	2.62	2.55	2.53	2.35
Vic	1.76	1.76	1.70	1.76	1.76
Qld (c)	1.42	1.42	1.46	1.45	1.36
WA (d)	1.83	1.66	1.67	1.67	1.67
SA	3.04	3.04	3.07	3.06	3.06
Tas	2.18	1.98	1.85	1.85	1.84
NT	2.82	2.54	2.31	2.20	2.17
ACT Private	3.18	3.18	3.19	2.99	2.87
Aus Gov	1.69	1.44	1.37	1.33	1.22
Seacare (e)	3.34	3.34	3.34	6.46	6.05
Australia	2.07	2.04	2.04	2.05	1.96
NZ	0.91	0.83	0.94	0.94	0.94

(a) Total of adjusted premium for insured sector plus calculated premium for self-insured sector.

(b) The NSW average premium rates also include the dust diseases levy which is not part of the WorkCover New South Wales scheme but is payable by employers in that State.

(c) Queensland includes stamp duty levied at a rate of 5% of the premium including GST.

(d) Western Australia includes a temporary levy to meet the costs associated with the failure of HIH Insurance Ltd.

(e) Note that there are no self-insurers in the Seacare scheme.

4. Assets to liability ratio data

Different measures of assets to liabilities can arise from different economic and actuarial assumptions in valuing liabilities as well as differences in the definitions of:

- assets and net assets, and
- liabilities, such as allowance in some schemes for prudential margins, and allowance for different levels of claim handling expenses.

Different definitions of net assets have been addressed in this publication by the application of a consistent definition. For centrally funded schemes, net assets are equal to the total current and non-current assets of the scheme minus the outstanding claim recoveries as at the end of the reference financial year. For privately underwritten schemes, assets are considered to be the insurers' overall balance sheet claims provisions.

A consistent definition of net outstanding claim liabilities has also been adopted, but there are still some differences between jurisdictions in the measurement of net outstanding claim liabilities. These relate to the different claim handling expense assumptions by jurisdictions for which adjustments have not been applied.

For centrally funded schemes, net outstanding claim liabilities are equal to the total current and non-current liabilities of the scheme minus outstanding claim recoveries as at the end of the reference

financial year. For privately underwritten schemes, liabilities are taken as the central estimate of outstanding claims for the scheme (excluding the self-insured sector) as at the end of the reference financial year.

For jurisdictions with a separate fund dedicated to workers' compensation (centrally funded schemes), the assets set aside for future liabilities can be easily identified from annual reports. Centrally funded schemes operate in Victoria, Queensland, South Australia, Comcare and New Zealand.

For jurisdictions where workers' compensation is underwritten by insurance companies (privately underwritten schemes), assets are set aside to meet all insurance liabilities but the insurance companies do not identify reserves specifically for workers' compensation liabilities. For these schemes, net assets are considered to be the balance sheet provisions made by the insurers at the end of each financial year. Privately underwritten schemes operate in Western Australia, Tasmania, Northern Territory, Australian Capital Territory and Seacare. It should be noted that not all of these schemes carry out independent reviews of liabilities each year. In addition, the ratios for privately underwritten schemes do not include the solvency reserves held by private insurers. The ratio for these schemes is therefore not a comprehensive indicator of the adequacy of insurer assets.

Seacare is shown as having a 100% funding ratio due to the way in which the two major insurers writing seafarer workers' compensation policies structure the Seacare portfolio. There is 100% asset backing for those liabilities.

The New South Wales scheme is a managed fund, combining some of the features of centrally funded schemes and privately underwritten schemes. Under the WorkCover Scheme, insurers have been licensed as fund managers on behalf of WorkCover Authority of New South Wales.

Prudential margins

Many jurisdictions add prudential margins to their estimates of outstanding claims liabilities to increase the probability of maintaining sufficient assets to meet the liabilities estimate. This is done in recognition that there are inherent uncertainties in the actuarial assumptions underlying the value of outstanding liabilities. The addition of a prudential margin will lower the assets to liabilities ratio for that jurisdiction. As some jurisdictions do not have prudential margins, these margins have been removed from the estimates to enhance comparability. For jurisdictions that use prudential margins in determining their liabilities, there will be a greater discrepancy between the ratios shown in this report and those shown in their annual reports. The margins that have been removed are:

- NSW — risk margin of 1% removed from 2004–05 and 3% from 2005–06
- Victoria — prudential margin of 8.5% removed from 2005–06
- Queensland — prudential margin of 15% removed from 2002–03 and 2003–04; 11.6% from 2004–05 and 11.8% from 2005–06
- South Australia — a prudential margin of 7% removed from all years.
- Northern Territory — prudential margin of 15% removed all years
- Comcare — prudential margin of 10.6% removed from years prior to 2005–06, no prudential margin was applied in 2005–06.

The liabilities for the remainder of the schemes are central estimates, without prudential margins.

Actuarial assumptions

Another area of difference is in the various economic and actuarial assumptions used by each jurisdiction. To aid comparability, outstanding claim liabilities for each jurisdiction were adjusted to a consistent economic basis as follows:

1. calculate an Australian average inflation rate and discount rate using the inflation and discount rates information from each jurisdiction
2. replace jurisdictional rates with the Australian average rates of inflation and discount for each jurisdiction
3. calculate adjusted outstanding liabilities for each jurisdiction

Appendix Table 6 contains the inflation and discount rates for each jurisdiction, as well as the Australian average of those rates.

Appendix Table 6 – Economic and actuarial assumptions, 2005-06

Jurisdiction	Discount rate % ^(a)	Inflation rate % ^(b)
New South Wales	5.86	4.00
Victoria	5.82	3.73
Queensland	5.94	4.00
Western Australia	6.16	4.50
South Australia	6.00	3.81
Tasmania	6.15	4.25
Northern Territory	5.75	4.00
Comcare	5.86	4.89
Australian average	5.87	4.02
New Zealand	5.67	2.46

(a) Several of the discount rate assumptions are weighted averages of assumptions that vary for the first and subsequent years.

(b) Several of the inflation rate assumptions are weighted averages of assumptions that vary for the first and subsequent years, and vary by payment type.

Appendix 2 - Key features of Australian Workers' Compensation Schemes

Appendix Table 7 – Key features of Australian workers' compensation schemes, 2005-06

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Australian Capital Territory Private	Australian Government
Fund Type	Managed fund	Central fund	Central fund	Private insurers	Central fund	Private insurers	Private insurers	Private insurers	Central fund
Cover for journey claims	Yes	No ^(a)	Yes	No	No	No	Yes - limited ^(b)	Yes	Yes
Common law available	Yes	Yes - limited	Yes	Yes	No	Yes	No	Yes	Yes - limited
Redemptions/Settlements available	Yes	Yes - limited	Yes	Yes	Yes	Yes	Yes	Yes	Yes - limited
Number of employees^(c)	2 863 740	2 249 300	1 617 210	918 860	658 960	193 080	89 500	96 950	260 810
Number of self-insurers	72	39	26	28	70 plus crown	17	6	9	11 (+2 from 3 Apr)
Standardised avg. premium rate (%)	2.32	1.76	1.36	1.67	3.06	1.84	2.17	2.87	1.22
Funding ratio (%)	103	126	204	113	62	168	103	not available	112
Disputation rate (%)	10	14	4	5	12	8	5	n/a	8
Direct compensation proportion (%)	46	49	66	47	63	44	51	n/a	57
Durable return to work rate (%)	81	77	81	n/a	67	81	88	n/a	89

(a) Note that journey claims are covered for 'no-fault' statutory benefits and common law by the TAC in Victoria for injuries sustained to/from work. Journey injuries sustained in the course of work are compensable under the Accident Compensation Act 1985.

(b) Journey claims are included unless injury involves a motor vehicle, which would be covered by Motor Accident Compensation Act (MACA).

(c) The number of employees is supplied from the Australian Bureau of Statistics using Labour Force Survey data as a base, with a number of adjustments applied to account for differences in workers compensation coverage for some jurisdictions.

Appendix Table 8 – Entitlements under Australian workers' compensation schemes as at 1 January 2006*

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Australian Capital Territory	Australian Government
Entitlements expressed as a percentage of pre-injury earnings									
0-13 weeks (total incapacity)	100% (excl overtime)**	95%	85% of NWE*** (or 100% under industrial agreement)	100%	100%	100%	100%	100%	100%
14-26 weeks (total incapacity)	100% (excl overtime)**	75%	85% of NWE*** (or 100% under industrial agreement)	85%	100%	85%	100%	90%	100%
27-52 weeks (total incapacity)	90% (excl overtime) up to \$340.90pw + allowances**	75% (excl O/T)	75% NWE or 70% QOTE***	85%	100%	85%	75%	90%	27-45 wks 100% 46-51 wks - 75%
53-104 weeks (total incapacity)	90% (excl overtime) up to \$340.90pw + allowances**	75% (excl O/T)	65% NWE or 60% QOTE***	85%	80%	52-78 weeks 85%, 79-104 weeks 80%	75%	90%	75%
104+ weeks (total incapacity)	90% (excl overtime) up to \$340.90pw + allowances**	75% (excl O/T, subject to work capacity)	65% NWE or 60% QOTE*** (subject to work-related impairment)	85%	80% subject to capacity review	80%	75%	90%	75%
Other entitlements									
Lump Sums - maximum	>75% impairment - \$200 000 + \$50 000 pain & suffering	\$363 660	\$200 000+ if >50% impairment \$182 620	\$145 892 + \$109 419 in special circumstances*	\$131 000 + \$88 425 where lump sum >55%	\$183 522	\$215 000 permanent impairment	\$165 050	\$137 501 + \$51 563 non-economic loss
Limits- medical and hospital	\$50 000 or greater amount prescribed or directed by WC Commission	52 weeks from cessation of weekly payments	Medical - no limit. Hospital - 4 days (>4 days if reasonable)	\$43 768 + \$50 000 in special circumstances*	No limit	No limits but entitlements cease after 9 years	No limit	No limit	No limit
Death benefits (all jurisdictions pay funeral expenses to differing amounts)	\$307 100 + \$96.50pw for each dependant child	\$212 060 (shared) + pre-injury earnings-related pensions to a maximum of \$1150pw for dependant partner/s and children	\$374 625 + \$20 000 for dep. children + \$10 000 for dep. spouse + \$77pw per child to spouse for up to 6 children + \$97pw per child to spouse for children > 6	\$208 470 + \$38.30pw for each dependant child + max of \$43 768 for medical expenses*	\$219 425 + 50% of weekly earnings to totally dependant spouse + 12.5% of weekly earnings for each dependant non-orphaned child##	\$187,725 + 100% weekly payment 0-13 weeks, 85% weekly payment 14-78 weeks, 80% weekly payment 79-104 weeks + \$50.87pw for each dependant child	\$268 788 + \$103.38pw for each dependant child to max of 10 children	\$165 050 + \$55.02pw for each dependant child	\$185 626 + \$10 312 + \$68.73pw for each dependant child

* Payment thresholds and specific benefit arrangements may also apply. The relevant jurisdiction should be contacted directly if further information is required.

** Benefits shown for employees working under an industrial award. If not under an award, benefits are 80% of pre-injury earnings for first 26 weeks. Different rates apply after 26 weeks.

*** NWE - normal weekly earnings, QOTE - Seasonally adjusted amount of Queensland full-time adult persons ordinary time earnings

Lump sum shared under statutory formulae between spouse and children. Pension payable to partner for 3 years and to children until age of 16 (or 21 in full-time study)

weekly earnings refers to notional weekly earnings of deceased worker

Appendix 3 – Work-Related Injuries Survey

In December 2006, the Australian Bureau of Statistics released the results of the work-related injury topic from the Multi-purpose Household Survey in the publication Work-Related Injuries, Australia, 2005–06 (Catalogue No. 6324.0) (WRIS). The WRIS collected information about people aged 15 years and over who worked at some time in the last 12 months and experienced a work-related injury or illness in that period. The survey was based on the person’s recall of events.

The WRIS found that in 2005–06, 689 500 workers experienced a work-related injury or illness in the last 12 months. This equates to 64 incidents per 1000 workers or nearly 1900 incidents per day.

The WRIS provides information on groups not well-covered by workers’ compensation schemes such as own account workers (self-employed). Appendix Table 9 shows the number of cases by employment status of the job where the injury or illness occurred. These data show that Employees reported the highest incidence rate at 71 per 1000 workers who were employees. The lowest incidence rate was recorded by Employers (40 per 1000 workers who were employers), though this may be in part due to the managerial functions undertaken by these workers. These data also show that Own account workers (self-employed workers) reported a lower incidence rate than Employees. Further analysis by industry and occupation would be required to formally determine if employment status influences the likelihood of a work-related injury.

Appendix Table 9: Status of employment: Number of work-related cases for injury/illness and rate per 1000 workers, 2005–06

Employment status	No. of Incidents	Incidence rate
Employees	625 900	71.4
Employers	*12 300	*40.0
Own account workers	51 300	54.3
TOTAL	689 500	63.6

* estimate is subject to sampling variability too high for most practical purposes

There are many reasons why the WRIS results indicate injuries occur at four times the NDS rate as published in Indicator 5 (15.7 claims per 1000 employees). Half of the difference is explained by the WRIS reporting that 42% of injuries resulted in no time off work and a further 8% resulted in only part of one day or shift lost from work.

A valid comparison requires both datasets to be scoped to exclude journey cases and only include injuries/illnesses with the same range of time lost. While journey cases only represented 3.7% of all injuries/illnesses in the WRIS and can easily be removed, undertaking a valid comparison using similar periods of time lost is more complex.

The WRIS data can be restricted to include only those injuries/illnesses involving ‘5 or more days off work’. This removes 71% of all cases. The NDS data can be restricted to claims involving ‘one working week or more off work’. ‘One working week’ means that people who are working part-time will be included if their time lost due to their injury exceeds their usual hours of work per week. Therefore the NDS data will include more cases than the WRIS data where employees work less than five days a week but still had one working week off work due to injury.

In addition, the 2005–06 NDS data are preliminary and are likely to increase with more development time. Using the same projection method as was used for the National OHS Strategy, the preliminary data can be increased to represent likely final claim numbers.

Making these adjustments results in the WRIS reporting 33% more injuries/illnesses (with an incidence rate of 20 cases of injury or illness involving 5 or more days off work per 1000 workers) than the NDS (with an incidence rate of 15 claims involving one working week or more per 1000 employees). Jurisdictional analysis demonstrated considerable differences in the relative rankings of jurisdictions based on the NDS and the WRIS, most notably that the jurisdiction (South Australia) having the highest incidence rate of claims involving one week or more per 1000 employees based on the NDS had the lowest incidence rate of cases of injury or illness per 1000 workers involving 5 or more days off work based on the WRIS.

The WRIS data shows that 42% of workers who experienced a work-related injury that involved 5 or more days off work, did not apply for workers' compensation. WRIS records a variety of reasons for not applying, with 33% citing they did not think they were covered or knew they were ineligible for workers' compensation. A further 23% felt the injury was too minor or that making a claim required too much effort or paperwork and 15% were concerned about the impact on their employment.

While this analysis indicates that the NDS understates the rate of injury, analysis of the WRIS data supports the usefulness of the NDS in developing prevention strategies, as the WRIS data presents similar patterns to the NDS in many areas. For example, the five industries with the highest incidence rates of serious claims (Indicator 24) are also those identified as having the highest incidence rates of injuries in the WRIS as follows: Agriculture, forestry and fishing (109 incidents per 1000 workers), Manufacturing (87 incidents per 1000 workers), Mining (86 incidents per 1000 workers), Construction (86 incidents per 1000 workers) and Transport and storage (85 incidents per 1000 workers).

The WRIS data also show that the proportion of incidents by how an injury occurred is also similar to the NDS. Appendix Table 10 matches the categories as closely as possible. Priority mechanisms under the National OHS Strategy identified using NDS data are the same as those identified as causing the majority of injuries/illnesses by the WRIS.

Appendix Table 10: Proportion of cases by mechanism of injury, 2005–06: WRIS and NDS

WRIS - How most recent work-related injury occurred	%	NDS - mechanism of injury/disease	%
Lifting, pushing or pulling object, Repetitive movement, Prolonged standing, working in cramped or unchanging position	42%	Body stressing	41%
Hitting or being hit or cut by an object	27%	Hitting objects with a part of the body, Being hit by moving objects	22%
Fall on same level (including slip or fall), Fall from height	13%	Falls, trips and slips of a person	20%
Exposure to mental stress	5%	Mental Stress	5%
Long term exposure to sound	1%	Sound and pressure	4%
Contact with chemical or substance	5%	Chemical and other substances	1%
Other, Vehicle accident	9%	Other and unspecified mechanisms, Heat, radiation and electricity, Biological factors	8%
WRIS TOTAL	100%	NDS TOTAL	100%

Appendix 4 – Jurisdictional contact information

Jurisdiction	Organisation	Contact details
New South Wales	WorkCover NSW	WorkCover Assistance 13 10 50 contact@workcover.nsw.gov.au www.workcover.nsw.gov.au
Victoria	WorkSafe Victoria	Advisory Service 1800 136 086 info@worksafe.vic.gov.au www.worksafe.vic.gov.au
Queensland	Workplace Health and Safety Queensland – Department of Employment and Industrial Relations	www.whs.qld.gov.au
Western Australia	WorkCover WA	(08) 9388 5555 www.workcover.wa.gov.au
South Australia	SafeWork SA	(08) 8303 0245 www.safeworksa.gov.au
	WorkCover Corporation	13 18 55 www.workcover.com
Tasmania	WorkCover Tasmania and Workplace Standards	Helpline 1300 366 322 (inside Tas) (03) 6233 7657 (outside Tas) wstinfo@justice.tas.gov.au www.wst.tas.gov.au
Northern Territory	NT WorkSafe	(08) 8999 5010 ntworksafe.deet@nt.gov.au www.worksafe.nt.gov.au
Australian Capital Territory	ACT WorkCover	(02) 6205 0200 www.workcover.act.gov.au
Seafarers	Seacare Authority	(02) 6275 0070 seacare@comcare.gov.au www.seacare.gov.au
Australian Government	Comcare	1300 366 979 www.comcare.gov.au
New Zealand	Accident Compensation Commission	64 4918 4295 www.acc.co.nz

