The Office of Industrial Relations (OIR) presents an update on the Queensland workers’ compensation scheme to key stakeholders every six months. This report provides an update of the scheme for the six months to June 2019. The figures in this report have been technically and peer reviewed by Finity Consulting Pty Ltd.

Executive summary

Scheme trends

- Estimated statutory claim frequency increased from 5.4 per cent for injury year 2015 to 5.9 per cent for injury year 2017 due to higher numbers of statutory claim intimations largely resulting from changes to the public hospital payment process since injury year 2017. Statutory claim frequency has been reducing and is estimated to reach 5.6 per cent for injury year 2019 due to a combination of increasing exposure and reducing claim intimations.
- Common law intimations continue to remain low and have been slow to return to pre-threshold levels post unwinding of the common law threshold. Common law intimations of 1,380 during the last six months to June 2019 were (21 per cent or 360 claims) lower than the previous estimate of 1,740.
- Over the past six months, net statutory payments of around $525.2M have been higher (up around 9 per cent or $44.8M) than expected of around $480.4M due to higher weekly and medical payments.
- Net common law payments of around $213.0M over the last six months have been significantly (18 per cent or $47.4M) lower than expected of around $260.4M, due to lower than expected number of finalisations and intimations.

What’s happening in the scheme?

- The Queensland Government has adopted a comprehensive strategy to address the emergence of silicosis in Queensland’s engineered stone benchtop industry. WorkCover Queensland is funding a free health assessment for all workers, including former workers, who have fabricated or installed engineered stone in Queensland. WorkCover is also funding research to address rehabilitation and return to work challenges.
- In August 2019, proposed legislative amendments were introduced to Queensland Parliament in response to recommendations made by the independent review of the scheme in 2018. The proposed changes will enhance the claims management process and improve support for injured workers.
- The Workers’ Psychological Support Service launched in March 2019. The service is an independent and confidential support service to workers across Queensland who have experienced a work-related psychological injury.

Highlights

Statutory claim frequency has reduced substantially since 2011. The 2016 and 2017 injury years saw an increase largely driven by changes to the public hospital payment process. Since then, claim frequency has continued to decline.

Common law claim intimations were significantly lower than expected over the past six months and expectations for future intimations have been lowered in recognition of recent experience.

Headline measures 2017-18 and 2018-19

<table>
<thead>
<tr>
<th>Headline measures</th>
<th>2017-18 actual</th>
<th>2018-19 actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory new claims</td>
<td>97,000</td>
<td>95,000</td>
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<tr>
<td>Statutory payments (net)</td>
<td>$890M</td>
<td>$1,017M</td>
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<tr>
<td>Common law new claims</td>
<td>2,750</td>
<td>2,830</td>
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<tr>
<td>Common law payments (net)</td>
<td>$433M</td>
<td>$420M</td>
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*Values have been rounded to the nearest significant value.
Statutory claims declined between June 2012 and December 2015 to around 22,000 intimations per quarter. In the March 2016 quarter, statutory claims increased, primarily due to the changes in the way public hospital payments are processed, to around 25,000 intimations per quarter in December 2017. However, over the last five quarters, intimations have reduced to around 23,000 intimations per quarter. For future injury years, statutory claims are expected to increase in line with labour force growth.

Statutory claim frequency has reduced substantially between 2011 and 2015. The 2016 and 2017 injury years saw an increase largely driven by changes to the public hospital payment process. Since then, claim frequency has continued to decline.

The 2016 and 2017 injury years show an increase in frequency primarily due to larger volumes of minor claims being reported with the change in Q-Health arrangements. The frequency has reduced over the past two years, and is estimated to be 5.6 per cent in the 2019 injury year. Statutory claims have been lower than expected over the past six months.

Current expectations for future statutory claim intimations are lower than previously expected but are anticipated to increase slightly over the next four quarters in line with exposure growth.

Overall, net statutory claim payments were higher than expected over the past six months.

Higher net statutory claim payments were due to higher than expected weekly and medical payments. Future payments are expected to increase over previous expectations in line with the recent experience.

Injured workers are staying on weekly benefits longer, driving up weekly benefits and, to some extent, medical costs.
Common law

Common law intimations in the scheme continue to remain low and have been slow to return to pre-threshold levels post the unwinding of the common law threshold.

Common law claim intimations have been significantly lower than expected over the last six months.

The introduction of the threshold for common law claims in October 2013 resulted in a steep reduction in the conversion rate for 2014 and 2015 injury years. The conversion rate for injury years 2018 and 2019 is expected to increase slightly to around 3.3 per cent. This is equivalent to an estimated 3.4 per cent, excluding the additional statutory claims from the Q-Health changes. This is well below the level of claims prior to the October 2013 amendments.

Common law intimations are projected to increase slightly as unwinding of the common law threshold flows through. The catch-up allowance included in the previous expectations has been reduced based on recent experience.

Following October 2015 legislative amendments – unwinding of the common law threshold, the conversion rate from statutory to common law has not returned to pre-threshold levels.

Common law payments were significantly lower than expected over the last six months.

Lower than expected number of common law intimations (and therefore finalisations) have contributed to the low level of payments observed over the last six months. The revised Mar-19 estimates are significantly lower than the Sep-18 expectations and reflect the reduction in the allowance for catchup in common law intimations post threshold.

Overall the average size of common law claims are above expectations for the last six months.

Average common law size is expected to reduce as unwinding of the common law threshold flows through and is in line with previous expectations.
Workers’ compensation news

Silicosis
As at 30 August 2019 there are 173 workers with accepted claims (23 with a diagnosis of progressive massive fibrosis) for injuries related to exposure to respirable crystalline silica from working with engineered stone. Three of these claims have other respiratory conditions due to respirable crystalline silica exposure but not silicosis. WorkCover Queensland is funding a free health assessment for all workers, including former workers, who have fabricated or installed engineered stone in Queensland. WorkCover Queensland has funded health screening for approximately 1,000 workers. Former Queensland coal workers are also able to access a free lung disease examination through WorkCover Queensland or their insurer. The free lung disease examination is available for all former coal workers who worked in an industry involved in mining, loading, transporting or otherwise dealing with coal, permanently stopped working in the industry prior to 1 January 2017, and have six months’ exposure in Queensland. This free lung disease examination is available until 1 January 2022 and was introduced to address concerns regarding the risks of access to medical testing for retired coal mine workers.

OIR established a stakeholder reference group, including representatives of workers, employers and insurers to look at overcoming barriers to returning workers with a diagnosis of coal workers’ pneumoconiosis or other mine dust lung disease back to work.

The working group recommended seeking expert medical advice to form the basis of guidance to assist medical practitioners, employers and workers with disease with return to work decision making. The expert medical panel is led by international expert Dr Robert Cohen and includes local medical experts and is currently working to develop this advice.

WorkCover Queensland has created a new specialist claims team to support customers impacted by silicosis. This has included setting up a specific multi-disciplinary approach to return to work for workers and a targeted webinar with WorkCover’s current RTW Services provider panel to identify opportunities to support return to employment and future vocational opportunities. WorkCover is also undertaking research with Monash University and the University of Illinois into specific RTW issues for this group.

Five yearly review of the workers’ compensation scheme
OIR has undertaken significant consultation with a Stakeholder Reference Group (SRG) to consider the legislative recommendations from the Review.

A Consultation Regulatory Impact Statement was released to seek public and stakeholder feedback on the potential impacts of extending workers’ compensation entitlements to workers in the gig economy and to baileigh taxi and limousine drivers. Feedback from this consultation process is currently being considered.

On 22 August 2019, the Honourable Grace Grace MP, Minister for Education and Minister for Industrial Relations, introduced the Workers’ Compensation and Rehabilitation and Other Legislation Amendment Bill 2019 into the Queensland Parliament. The objective of the Bill is to implement 12 of the Review’s legislative recommendations, including:

- clarifying WorkCover Queensland’s ability to fund and provide programs and incentives that support employers improving health and safety performance
- exempting expressions of regret and apologies provided by employers following a workplace injury from being considered in any assessment of liability for damages

Review of workers’ compensation processes for first responders with PTSD
Post-traumatic stress disorder (PTSD) describes a severe and persistent mental health impairment that can occur following exposure to a single or multiple traumatic event(s). Some workers, particularly first responders, are more likely to be exposed to extremely distressing events in the course of their duties.

To ensure workers are provided with the support they need, OIR engaged Phoenix Australia (the Centre for Post-traumatic Mental Health) to undertake a review of current workers’ compensation claims and clinical services relating to workers diagnosed with PTSD. The terms of reference for the review encompassed all aspects of a worker’s journey through the lifecycle of a claim, including:

- claims management
- rehabilitation and return to work
- treatment, care and support provided.

A stakeholder reference group has been established to discuss the findings and recommendations made by the review, and develop an action plan for improving the workers’ compensation experience and mental health outcomes for Queensland’s first responders and emergency service workers.

New independent service to support workers with psychological injuries
The Workers’ Psychological Support Service launched in March 2019. The service is an independent and confidential support service to workers across Queensland who have experienced a work-related psychological injury.

The service is delivered by a qualified social worker and provides Queensland workers with free and non-technical support by connecting them with existing community and social support programs, including financial counselling, emergency accommodation and housing support.

The service aims to help minimise the psychosocial impact of navigating the workers’ compensation claim process. Workers can access the service prior to, during, or after they have made a workers’ compensation claim by contacting:

Toll-free phone: 1800 370 732 (9AM – 5PM, Mon-Fri)
Email: info@wpss.org.au
Web: wpss.org.au

Obtaining information
Inquiries about technical aspects of this publication should be forwarded to the Office of Industrial Relations at: OIRData@oir.qld.gov.au

Providing feedback
We welcome your feedback on this publication.
You can provide feedback to: sebastian.bielen@oir.qld.gov.au

Reliances and limitations
We have relied on all data and other information (qualitative, quantitative, written and verbal) provided to us. We have reviewed it for reasonableness only. If data or other information is inaccurate or incomplete, we should be advised so that our estimate can be revised, if warranted.

There is uncertainty in making projections of claim numbers and payments. This uncertainty is higher than usual because of recent legislative amendments to the Queensland workers’ compensation scheme.

In our judgement, we have employed techniques and assumptions that are appropriate, however, it should be recognised that future claim emergence will likely deviate, perhaps materially, from our estimates.

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