

Queensland workers' compensation scheme Performance update

Keeping you informed – September 2018

The Office of Industrial Relations 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 September 2018. The figures in this report have been technically and peer reviewed by Finity Consulting Pty Ltd.

Executive summary

Scheme trends

- Estimated statutory claim frequency has 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 resulting in part from changes to public hospital payments. Frequency for injury years 2018 and 2019 is estimated to reduce slightly to around 5.6 per cent.
- Common law intimations have been slow to return to pre-threshold levels post unwinding of the common law threshold. Common law intimations of 1,423 during the past six months to September 2018 were (20 per cent or 346 claims) lower than the forecast of 1,769.
- Over the past six months, net statutory claim payments of around \$469.0M have been higher (up 2.3 per cent or \$10.5M) than expected of around \$458.5M.
- Common law payments of around \$197.5M over the past six months have been (26 per cent or \$70.3M) significantly lower than expected of around \$267.8M, due to lower than expected number of finalisations over the past six months. Intimations have also continued to be lower than expected.

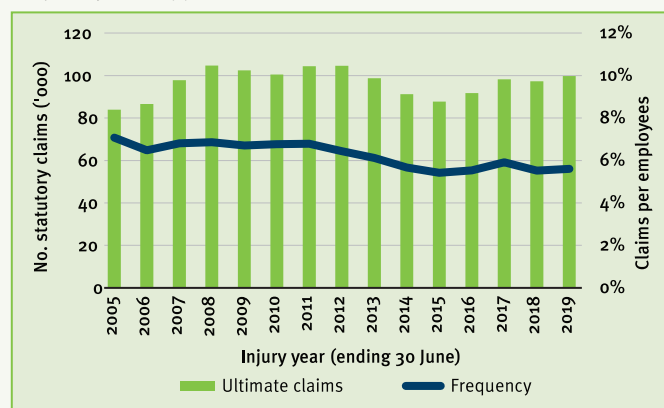
What's happening in the scheme?

- Government considering recommendations from the five-year review of Queensland's workers' compensation scheme.
- Independent review of post traumatic stress syndrome (PTSD) claims and clinical services to be completed by the end of 2018.
- Coordinated response to silica dust exposure and silicosis claims in the engineered stone benchtop fabrication industry in Queensland.
- New independent and confidential service to support workers who have experienced a work-related psychological injury.

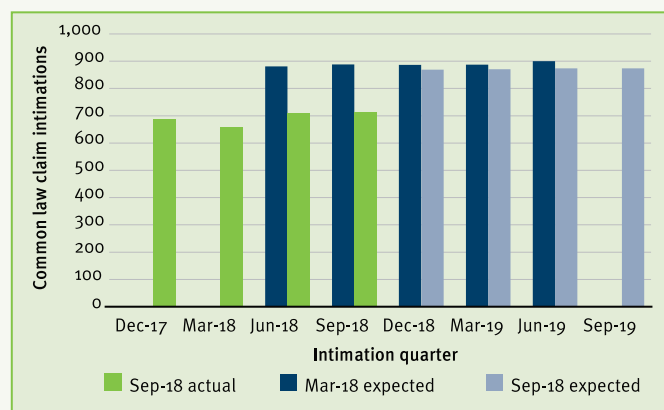
Refer to Workers' compensation news on page 4 for more information.

Highlights

Statutory claim frequency rate has reduced substantially since 2011. However the 2016 and 2017 injury years has seen an increasing frequency. This appears to have stabilised for 2018 and 2019 to date.



Common law claim intimations are significantly lower than expected over the past six months.



Updated projections 2018–19 (Based on September 2018 estimates)

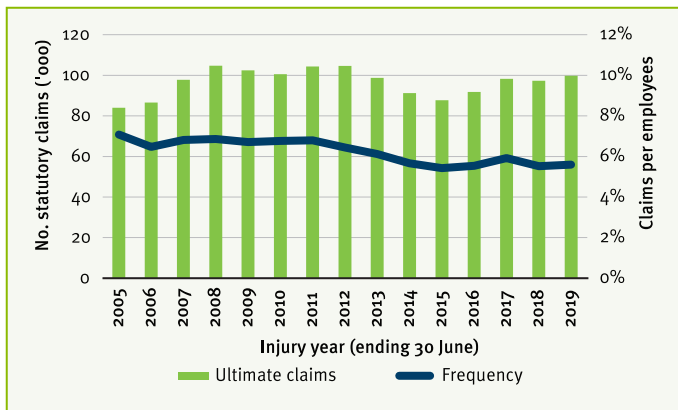
Headline measures	2017-18 actual	2018-19 expected
Statutory new claims	97,000	99,000
Statutory payments (net)	\$890M	\$940M
Common law new claims	2,750	3,330
Common law payments (net)	\$415M	\$480M

*Values have been rounded to the nearest significant value.

Statutory

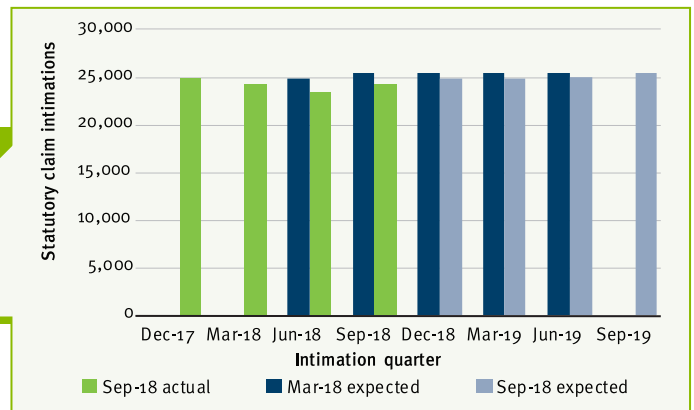
New statutory claims stabilised in the five quarters to December 2015 at approximately 22,000 per quarter. However, in Mar-16 statutory new claims increased, primarily due to the changes in the way public hospital payments are processed. New statutory claims reported over the past eleven quarters have remained stable at around 24,500 claims per quarter and are expected to increase slightly to around 24,750 claims per quarter in line with labour force growth.

Statutory claim frequency has reduced substantially since 2011. However the 2016 and 2017 injury years has seen an increasing frequency. This appears to have stabilised for 2018 and 2019 to date.



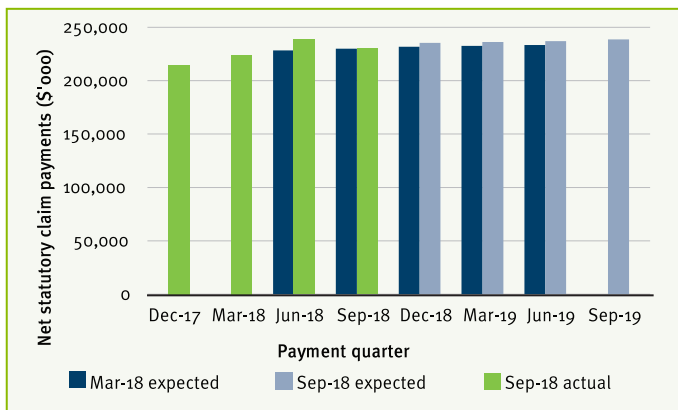
The 2016 and 2017 injury years show an increase in the frequency - primarily due to larger volumes of minor claims being reported with the change in Q-Health arrangements. However, 2018 injury year to date has stabilised. The estimated frequency for 2019 is around **5.6** per cent.

Statutory claims have been lower than expected over the past six months.



Statutory claim intimations are expected to increase slightly over the next four quarters in line with exposure growth.

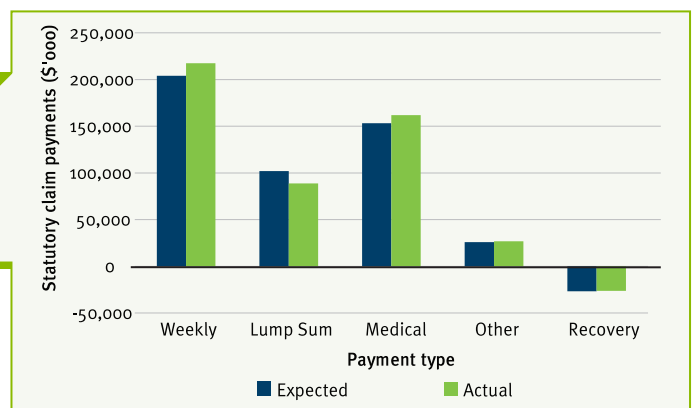
Overall, statutory claim payments were slightly higher than expected over the past six months.



June 2018 quarter was higher than expected due to higher than expected weekly and medical payments. Future payments are expected to be slightly higher than the previous expectations.

Injured workers are staying on weekly benefits longer and the number of claims assessed for DPI has reduced in recent quarters.

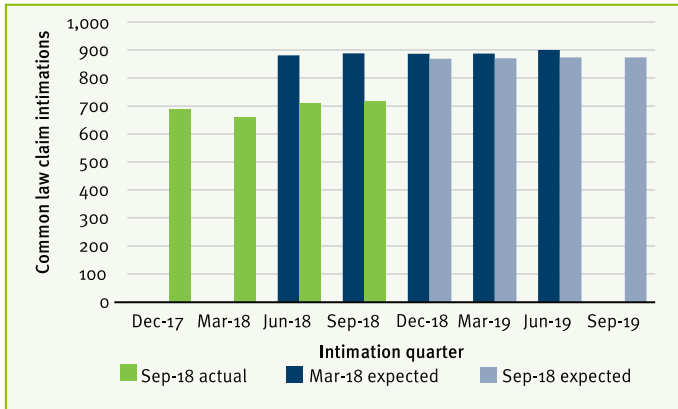
Higher than expected statutory claim payments are mainly due to higher weekly and medical payments.



Common law

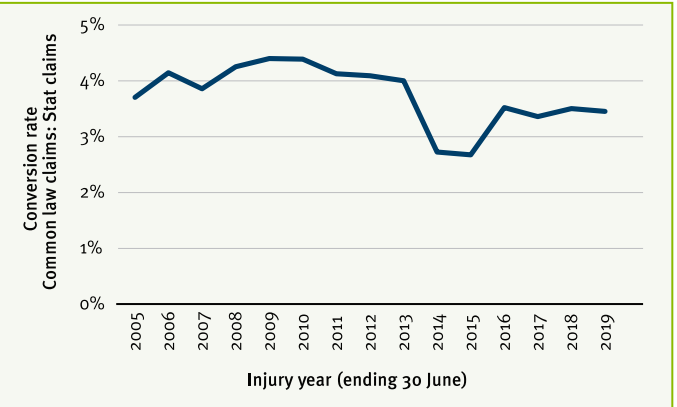
Common law intimations in the scheme have been slow to return to pre-threshold levels post the unwinding of the common law threshold. In particular, a slowdown from injuries with a DPI five per cent or below.

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



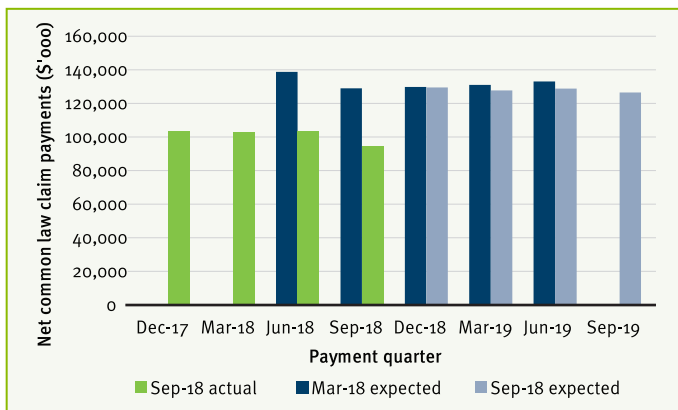
Common law intimations are projected to increase as unwinding of the common law threshold flows through. We are still allowing for some catch-up, based on recent experience.

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



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. An estimated 3.5 per cent conversion rate is expected for injury year's 2018 and 2019. This is equivalent to an estimated 3.6 per cent, excluding the additional estimated statutory claims from the changes to the way public hospital payments are made. This is below the level pre the October 2013 amendments.

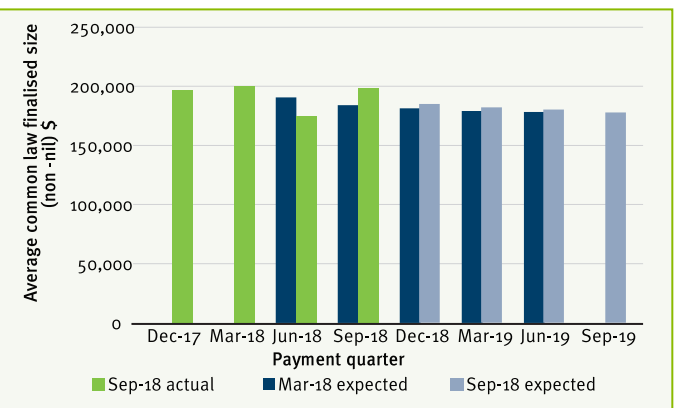
Common law payments are significantly lower than expected over the past six months.



Common law claim payments are significantly lower than expected in the past six months due to lower than expected number of finalisations in the June 2018 and September 2018 quarters. Projections for 2018-19 have reduced from the March 2018 expectations due to the recent experience in the number of finalisations.

The September 2018 quarter was higher due to a number of larger settlements. Average common law size is expected to reduce as unwinding of the common law threshold flows through.

Overall the average size of common law claims are in line with expected for the past six months.



Workers' compensation news

Five yearly review of the workers' compensation scheme

Independent reviewer, Professor David Peetz from Griffith University, recently completed his review of the workers' compensation scheme following a targeted consultation process with relevant stakeholders. The Minister tabled the report on 29 June 2018.

The review concluded that the scheme is performing well, is financially sound, involves low costs for employers, and provides fair treatment for both employers and injured workers. No major reforms were recommended.

Of the 57 recommendations made, 16 relate to potential legislative amendment. Key recommendations include:

- extending workers' compensation coverage to workers employed within the rapidly expanding 'gig' economy
- providing early intervention treatment for psychological injury claims up until a decision is made on the claim to minimise the severity, duration and recurrence of psychological illness
- extending the obligation on insurers to provide access to an accredited return to work program to workers at the end of their statutory claim if they are fit for work but have no job to return to.

The Government is currently considering its position with respect to the recommendations. In the meantime, a Stakeholder Reference Group has been convened and has met twice to discuss the legislative recommendations.

PTSD review

PTSD is a severe and persistent mental health impairment that can occur following exposure to a single or multiple traumatic event/s. Unfortunately 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, the Queensland Government has committed 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 encompasses all aspects of a worker's journey through the lifecycle of a claim, including:

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

The Queensland Government has engaged an expert review panel that has significant experience in developing effective evidenced-based strategies for managing workers through the workers' compensation claim process and achieving better outcomes for workers. The review is expected to be complete by the end of 2018.

Silicosis

There has been a recent increase in the number of workers being diagnosed with silicosis due to exposure to silica during their employment within the engineered stone benchtop fabrication industry.

In response, all Queensland engineered stone benchtop manufacturers/fabricators will be audited by Workplace Health and Safety Queensland (WHSQ) by the end of 2018, with a focus on four key areas:

- prohibition of uncontrolled dry cutting
- improving dust control to lower occupational exposure to respirable crystalline silica as far as is reasonably practicable
- minimising the remaining risk through effective use of respiratory protective equipment (RPE)
- health monitoring of workers at significant risk.

In addition to the compliance audits, WHSQ will develop a specific code of practice for exposure to respirable crystalline silica from engineered stone benchtops to ensure minimum standards are enforceable in the industry.

WorkCover Queensland is also funding the initial health screening for workers in the engineered stone benchtop fabrication industry. The health screening provided will include a plain chest X-ray reviewed by a B-Reader and lung function testing including spirometry and lung diffusing capacity. Any worker with a confirmed work-related injury will have immediate access to workers' compensation benefits. A workers' compensation factsheet has been prepared for workers to inform them of their rights.

In addition, Safe Work Australia is reviewing the occupational exposure levels for airborne contaminants, including silica. The review involves a scientific, evidence-based assessment of occupational exposure levels to hazardous airborne contaminants.

New independent service to support workers who have experienced a psychological injury

Following a tender process, Queensland Council of Unions (QCU) was the successful provider appointed to deliver the independent and confidential support service to workers across Queensland who have experienced a work-related psychological injury. The service will be free of charge and aims to provide additional support in connecting workers with community services/programs to help minimise the psychosocial impacts of navigating the workers' compensation claim process.

The OIR is currently working with QCU to finalise practicalities and roll out this service.

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 estimates 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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