

Queensland workers' compensation scheme

Performance update

Keeping you informed – March 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 March 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 year 2018 is estimated to reduce slightly to 5.8 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 1,334 during the past six months to March 2018 were 446 (25 per cent) lower than the forecast of 1,780.
- Over the past six months, net statutory claim payments of \$433.7 million have been \$14.6 million (3.3 per cent) lower than expectations of around \$448.3 million.
- Common law payments of around \$203 million over the past six months have been \$76 million (27 per cent) significantly lower than expectations of around \$279 million, 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?

- Five year review of Queensland's workers' compensation scheme to be completed by 30 June 2018.
- New independent and confidential service to support workers who have experienced a work-related psychological injury.
- New national clinical guidelines to support general practitioners to improve their management of patients with work-related mental health conditions.
- Code of practice for the management of respirable dust hazards in power stations due for completion by 31 October 2018.
- Website review to simplify the information available to workers, employers and insurers on the compensation and return to work process.

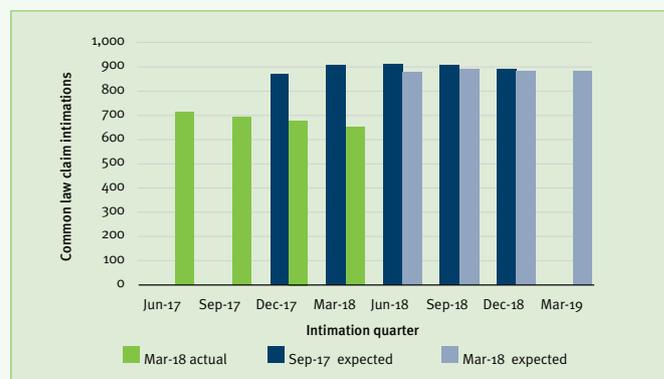
Refer to Workers' compensation news for more information.

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.



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



Updated projections 2017–18 (Based on March 2018 estimates)

Headline measures	2016-17 actual	2017-18 expected
Statutory new claims	98,600	98,500
Statutory payments (net)	\$885M	\$885M
Common law new claims	2,780	2,910
Common law payments (net)	\$420M	\$450M

*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 March 2016 new statutory claims increased, primarily due to the changes in the way public hospital payments are processed. New statutory claims reported over the past nine quarters have remained stable at around 24,500 claims per quarter and are expected to increase to around 25,000 claims per quarter in line with labour force growth.

Statutory claim frequency rate has reduced substantially since 2011. However, the 2016 and 2017 injury years have seen increasing frequency in statutory claims. This appears to have stabilised for 2018.



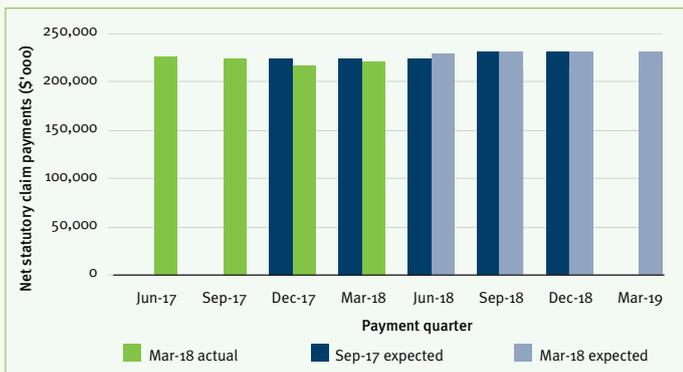
The 2016 and 2017 injury years show an increase in the frequency. This is primarily due to larger volumes of minor claims being reported with the change in Queensland Health arrangements. However, 2018 injury year to date has stabilised. The estimated frequency for 2018 is around **5.8** per cent.

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



December 2017 quarter was lower than expected due to lower lump sum and medical payments. Future payments are expected to be in line and stable with recent experience.

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

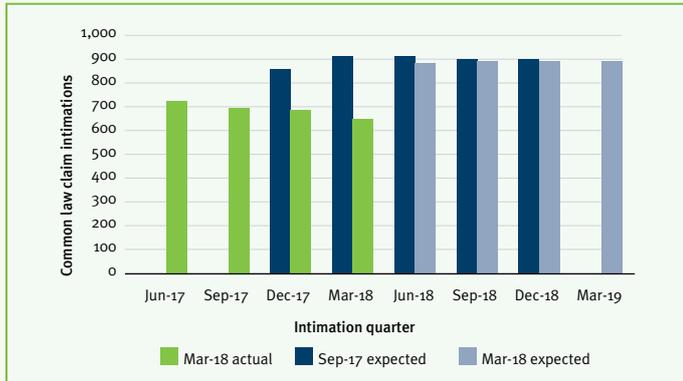
Lower than expected statutory claim payments are mainly due to lower lump sum and medical payments.



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 the less serious injuries.

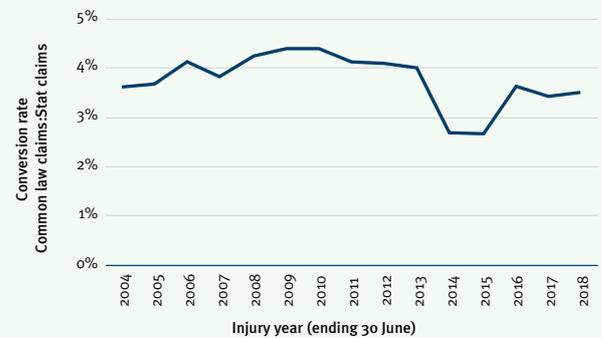
Common law intimations have been significantly lower than expectations over the past six months.



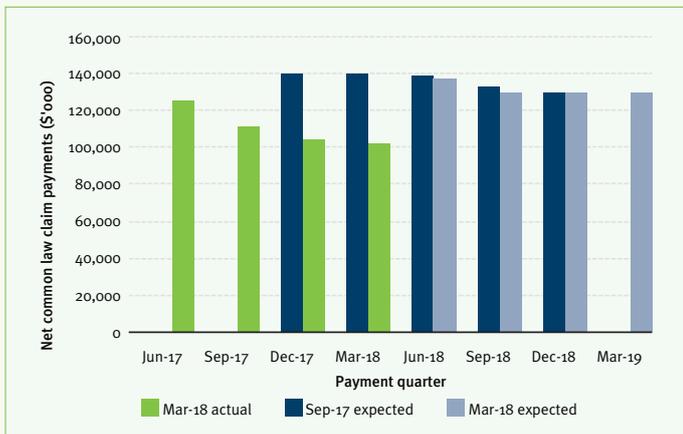
Common law intimations are projected to increase as unwinding of the common law threshold flows through. We are still allowing for some catch up, based on recent experience.

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 3.6 per cent conversion rate is expected for injury year 2018. This is equivalent to an estimated 3.9 per cent, excluding the additional estimated statutory claims from the changes to the way public hospital payments are made. This is below the pre-October 2013 amendments.



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



Common law claim payments are significantly lower than expectations in the past six months due to lower than expected number of finalisations in the December 2017 and March 2018 quarters. Projections for 2017–18 have reduced from the September 2017 expectations due to the recent experience in the number of finalisations.

Average size of common law claims are slightly higher than expectations for the past six months.

The March 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.



Workers' compensation news

Five yearly review of the workers' compensation scheme

Under the Workers' Compensation and Rehabilitation Act 2003, the Minister for Industrial Relations must review the operation of the workers' compensation scheme once every five years. The Minister must prepare a report about the review outcome, and as soon as practicable after completion, table the report in the Legislative Assembly.

The second review of the Queensland workers' compensation scheme is due for completion by 30 June 2018 and Minister for Industrial Relations, the Honourable Grace Grace has appointed an independent reviewer, Professor David Peetz, to conduct the review.

The reviewer has completed meetings with all key stakeholders using an issues paper to lead discussion on the terms of reference including emerging issues such as workers in the gig economy; determining what improvements can be made to the claims management process; and how the return to work rate in Queensland can be improved.

The terms of reference for the review are to report to Parliament on:

- The performance of the scheme in meeting the objectives under section 5 of the Act, including:
 - maintaining a balance between providing fair and appropriate benefits for injured workers or dependents and people other than workers, and ensuring reasonable cost levels for employers
 - ensuring that injured workers or dependents are treated fairly by insurers
 - providing for the protection of employers' interests in relation to claims for damages for workers' injuries
 - providing for employers and injured workers to participate in effective return to work programs.
- emerging issues facing the Queensland workers' compensation scheme
- the effectiveness of current rehabilitation and return to work programs and policy settings, including ways to increase Queensland's current return to work rate.

Code of practice for the management of respirable dust hazards in power stations

The Coal Workers' Pneumoconiosis Select Committee released Report no 4, on its extended terms of reference, Inquiry into occupational respirable dust issues, on 29 September 2017. This report made five recommendations, all of which have been accepted (in full or in principle) by the Queensland Government.

Recommendation one of the Committee's reports recommends the development of a code of practice on the management of respirable dust hazards in coal-fired power stations, to be informed by international best practice and consultation with industry stakeholders.

Work has started on the code with the formation of a working group chaired by the Office of Industrial Relations and involving representatives of workers, contractors, and industry with the code due for completion by 31 October 2018.

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

A tender process is underway to engage a provider to offer independent and confidential support to workers across Queensland who have experienced a work-related psychological injury. The service will be free of charge and aims to connect workers with additional community services/programs to help them recover from their injury once they have exhausted all compensation avenues available within the scheme. Applications for the tender are now under evaluation.

New national clinical guidelines to support general practitioners

The **Clinical Guidelines for the Diagnosis and Management of Work-Related Mental Health Conditions** project is an initiative of Monash University's Faculty of Medicine, Nursing and Health Sciences (Department of General Practice). The aim of the project is to develop National Health and Medical Research Council approved clinical guidelines to help general practitioners improve their management of patients with work-related mental health conditions. A secondary aim is to produce an evidence-based implementation plan to support the uptake of the guidelines.

The project is funded by the Office of Industrial Relations (Queensland), the Commonwealth Department of Employment, Comcare, the NSW State Insurance Regulatory Authority, ReturnToWorkSA, and WorkCover WA, and is supported by the Institute for Safety, Compensation and Recovery Research. The first draft of the guidelines was released for public consultation until 15 March 2018. The next step is to review comments received during the public comment period.

Website review

A comprehensive review of the rehabilitation and claims website is underway and aims to simplify the information available to workers, employers and insurers on the compensation and return to work process. Resources, templates and tools will also be reviewed to ensure that they are contemporary and align with injury management best practice. Visit worksafe.qld.gov.au.

Obtaining information

Inquiries about technical aspects of this publication should be forwarded to the Office of Industrial Relations at: Email 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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