

# Queensland Workers' Compensation Scheme Performance update

Keeping you informed – May 2016

The Office of Industrial Relations presents an update on the Queensland workers' compensation scheme to key stakeholders every six months. This report supports the stakeholders' presentation for the six months to March 2016. The figures in this report have been technically and peer reviewed by Finity Consulting Pty Ltd.

## Executive summary

### Scheme trends

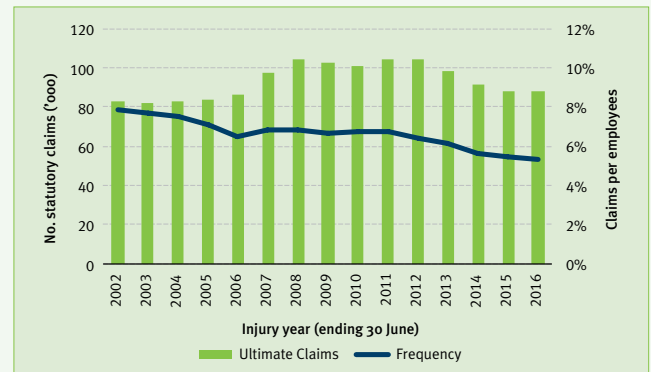
- Reduction in frequency of statutory claims appears to be slowing. Exposure has remained relatively flat.
- Common law intimations have been lower than expected over the past six months, however, future projections are higher to allow for some catch-up.
- Net statutory payments have been lower than expected over the past six months (driven by medical payments), however future payments are expected to be higher.
- Net scheme payments have been lower than expected over the last six months driven by lower than expected common law payments.

### What's happening in the scheme?

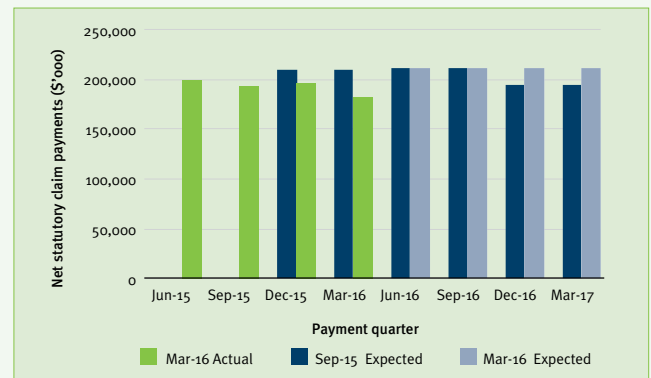
- A National Injury Insurance Scheme (NIIS) is being established to cover the lifetime care and support needs of people who sustain catastrophic injuries across four main streams: motor vehicle accidents, workplace incidents, medical treatment and general accidents.
- The motor vehicle accidents and workplace incidents streams are proposed to commence for injuries sustained from 1 July 2016.
- A stakeholder reference group has been established to consider options and issues for implementing the workplace incidents NIIS.

## Highlights

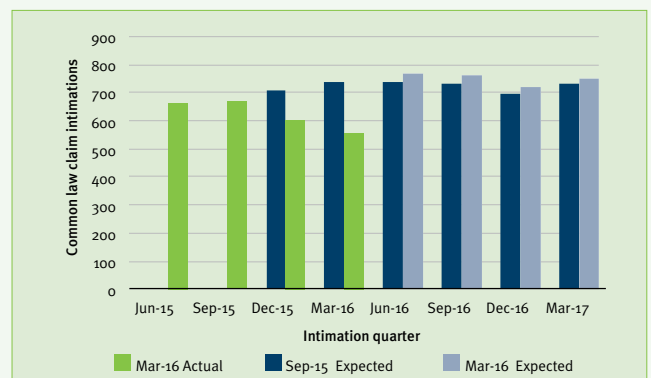
Statutory claim frequency has reduced substantially since 2011.



Statutory claim payments lower than expected over the past six months.



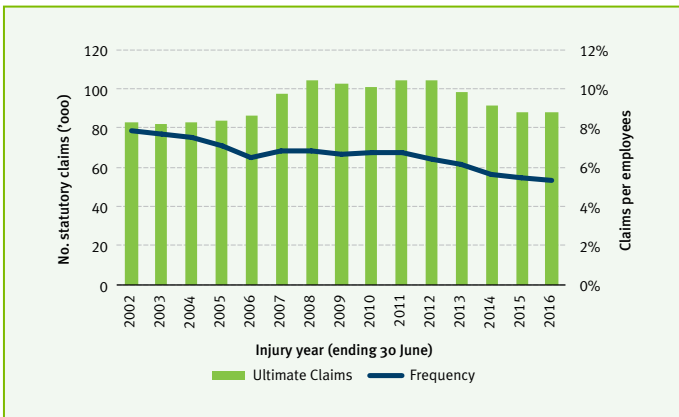
Common law claim intimations lower than expected over the past six months.



# Statutory

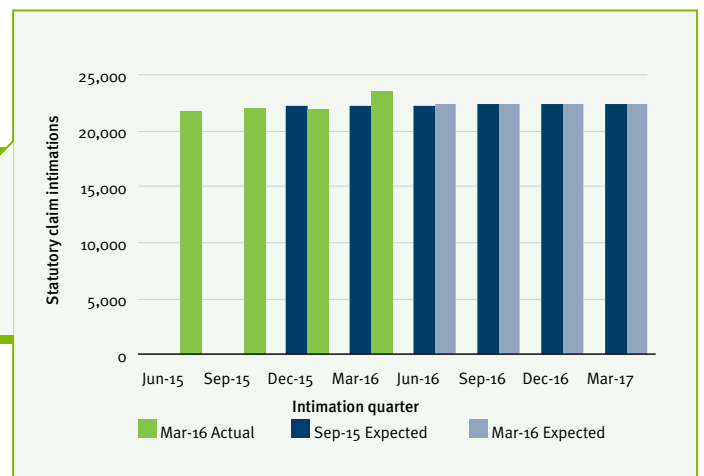
Statutory new claims have stabilised in the previous five quarters to December 2015 at around 22,000 intimations per quarter, however statutory claims intimated for the latest quarter (March 16) of 23,509 are higher.

## Statutory claim frequency has reduced substantially since 2011.



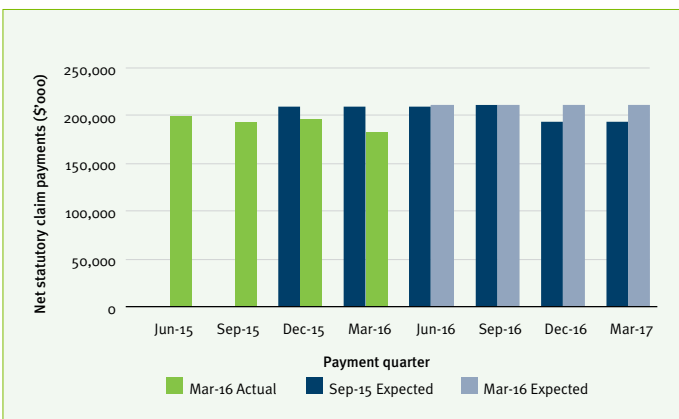
Statutory claim numbers have **trended downwards over the past five injury years**, however 2016 seems to show a slowing down of this trend. Frequency rate is around **5.3** per cent.

## Statutory claims are higher than expected over the past six months.



Statutory claim intimations were higher than expected for March 2016 quarter.

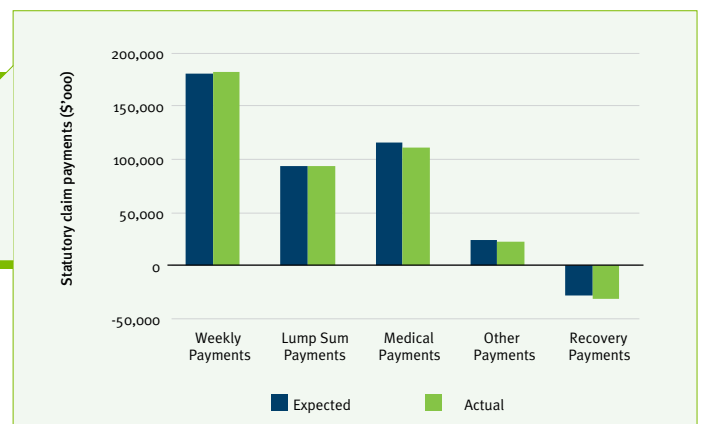
## Statutory claim payments are lower than expected over the past six months.



Future payments are now **expected to be higher across** the projection period due to the lump sum Statutory Adjustment Scheme payments as part of the unwinding of the common law threshold.

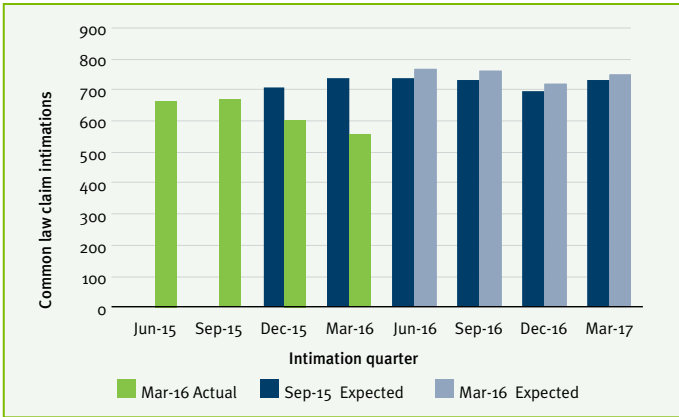
Medical payments lower than expected over the past six months.

## Overall net statutory payments lower than expected over the past six months.



# Common law

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



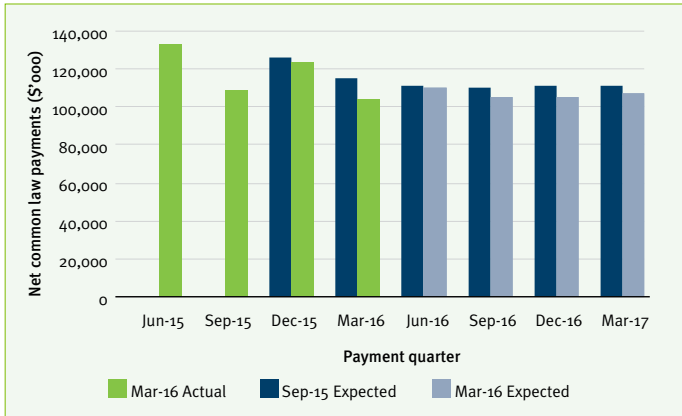
Future projections are higher to allow for some catch-up due to the changes in common law claims

Common law conversion rate has been around four per cent up till 2013 injury year, expected to reach that level again for 2016 injury year.



The October 2013 threshold led to a steep reduction in the conversion rate for 2014 and 2015 injury years. However, unwinding of the common law threshold expected to increase the conversion rate to levels similar of 2013 injury year. Around 4 per cent conversion rate.

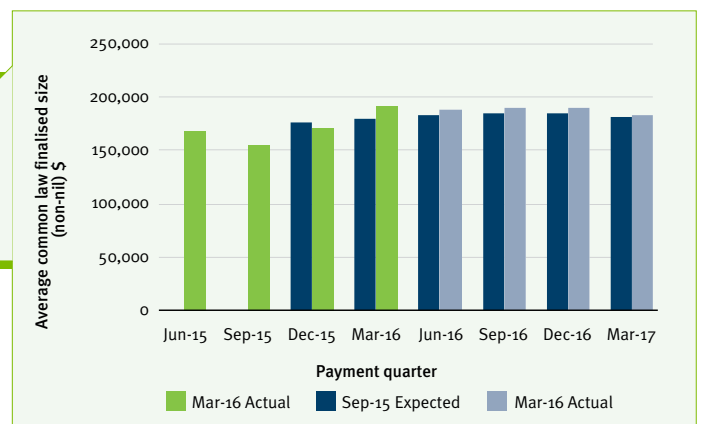
Common law payments lower than expected over the last six months.



Expected reduction in finalisations following the implementation of the October 2013 amendments, leading to lower expected common law payments.

Average common law size expected to increase.

Average size of common law claims higher than expected for the past six months.



Headline measures	2015-16 expected	2016-17 expected
Statutory new claims	90,000	90,300
Statutory payments (net)	\$785M	\$832M
Common law new claims	2600	2970
Common law payments (net)	\$447M	\$427M

**Updated projections 2015-16  
and 2016-17**

## National Injury Insurance Scheme

In 2011, the Productivity Commission recommended establishing a National Injury Insurance Scheme (NIIS) alongside the National Disability Insurance Scheme (NDIS), to cover the lifetime care and support needs of people who sustain catastrophic injuries across four main streams: motor vehicle accidents, workplace incidents, medical treatment and general accidents.

The NIIS is proposed to operate as a federation of state and territory-based insurance schemes, with national minimum benchmarks to ensure consistency of coverage, eligibility, benefits and standards of care.

The Heads of Agreement between the Queensland and Commonwealth Government for implementing the NDIS requires Queensland to implement a NIIS for workplace incidents from 1 July 2016.

A stakeholder reference group was established comprising representatives from workers' compensation insurers, unions, employer groups, the legal profession and the Motor Accident Insurance Commission. This group is considering options and issues for implementing the workplace incidents NIIS including funding arrangements for self-insurers, claims management arrangements and dispute resolution processes.

## Reliances and limitations

We have relied on the accuracy and completeness of all data and other information (qualitative, quantitative, written and verbal) provided to us for the purpose of this presentation. We have not independently verified or audited the data but we have reviewed it for general reasonableness and consistency. It should be noted that if any 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 potential workers' compensation claim numbers and payments. This uncertainty is higher than usual because of legislative amendments to the Queensland workers' compensation scheme in 2010, October 2013 and September 2015. As well as difficulties caused by limitations on the historical information, outcomes remain dependent on future events, including legislative, social and economic forces. In our judgement, we have employed techniques and assumptions that are appropriate, and the conclusions presented herein are reasonable, given the information currently available. However, it should be recognised that future claim emergence will likely deviate, perhaps materially, from our estimates.

This publication has been prepared by the Office of Industrial Relations.

### Obtaining information

**Inquiries about technical aspects of this publication should be forwarded to the Office of Industrial Relations.  
Email [christopher.tsockallos@justice.qld.gov.au](mailto:christopher.tsockallos@justice.qld.gov.au)**

### Providing feedback

**We welcome your feedback on this publication. You can provide feedback to [sebastian.bielen@justice.qld.gov.au](mailto:sebastian.bielen@justice.qld.gov.au)**