

Calculating employer claims excess

Guidance for employers

Calculating employer claims excess

This guide is designed to help you understand claims excess, how it's calculated and your responsibilities.

What is employer claims excess?

If a [worker](#) is injured in your workplace and a time lost claim is accepted by WorkCover, we will determine and advise you of the amount of employer claims excess to be paid by you to your injured worker.

In this guide, we will consider how to apply relevant parts of the [Workers' Compensation and Rehabilitation Act 2003](#) (the Act) and the [Workers' Compensation and Rehabilitation Regulation 2014](#) (the Regulation).



Excess period and amount of excess

There are mentions of ‘excess period’ and employer responsibility to pay excess in the [Workers’ Compensation and Rehabilitation Act 2003](#) (the Act) and the [Workers’ Compensation and Rehabilitation Regulation 2014](#) (the Regulation).

The Act outlines that the excess period for an injured worker starts on the day they are entitled to compensation and ends on the day the weekly compensation or excess amount paid exceeds the amount as per the Regulation below.

The Regulation explains that the amount is the lesser of the following:

- Queensland full-time adult’s ordinary time earnings (also known as QOTE, this amount changes every year and is shown on our [website](#)), or
- the weekly compensation amount payable to a worker under the Act.



Your responsibility as an employer

The Act says that:

- you must pay the injured worker an amount equal to the weekly compensation payment as excess
- WorkCover is not required to pay the worker for the excess period (unless you fail to pay within 10 business days of being notified)*
- if the worker is employed by more than one employer when they are injured, the excess amount must be paid by the employer where the injury occurred. The excess is limited to the amount payable under contract by that employer.

*If WorkCover pays the excess, the amount paid will be recovered from you and additional 50% penalty may also apply.



The key steps

Now that you know the meaning of 'excess' and why you need to pay it, we can go through these steps to understand how this is calculated.

1

Calculate weekly
compensation
rate

2a

Total incapacity
excess (when a
worker is unable
to work at all)

2b

Partial incapacity
excess (when a
worker can work but
less than their usual
hours)

2c

Total incapacity
and partial
incapacity within
one week

★

Excess when
worker has two or
more employers



Steps				
1	2a	2b	2c	★
Calculate rate	Total incapacity excess	Partial incapacity excess	Total and partial incapacity in same week	Excess when 2 or more employers

Step 1: Calculate weekly compensation rate

To calculate the weekly compensation rate, we first need to calculate the injured worker's weekly wages.

We'll ask you to provide some information to show their wages. You can upload documents using our [secure online service](#). We'll ask for:

- An itemised payroll report from your employer for 12 months before the date of injury. The report must show each payment including wages, penalties and allowances, OR
- Payslips from your employer, or from you, for 12 months before the date of injury (or from the date started, if less than 12 months), OR
- If these aren't available, we could accept other written wages evidence, such as tax invoices, or bank statements.

For the first 26 weeks of a worker's **total incapacity**, the weekly compensation rate is **the greater** of the following:

- 85% of the worker's normal weekly earnings;
- the amount payable under the worker's industrial instrument / award. (If the worker is not under an industrial instrument, then it will be 80% of [QOTE](#)).

①	2a	Steps 2b	2c	★
Calculate rate	Total incapacity excess	Partial incapacity excess	Total and partial incapacity in same week	Excess when 2 or more employers

Step 1: Calculate weekly compensation rate

For **partial incapacity** claims, the weekly compensation rate is calculated as follows:

$$PC = \frac{MC \times LE}{NWE}$$

where **PC** means partial weekly compensation

MC means weekly maximum compensation if it was a total incapacity claim

LE means normal weekly earnings (NWE) minus (-) amount paid by the employer on reduced hours

NWE means normal weekly earnings.

The partial weekly compensation amount must not be more than maximum compensation.

Steps				
1	2a	2b	2c	★
Calculate rate	Total incapacity excess	Partial incapacity excess	Total and partial incapacity in same week	Excess when 2 or more employers

Step 2a: Total incapacity excess

This is an example of how excess is calculated for an injured worker who is medically certified to be unable to work at all.

Jamie was injured on 10 July 2021 and saw the doctor on the same day. He is certified as totally incapacitated for work for four weeks.

His weekly compensation rate is calculated as \$1,200. The [current QOTE figure](#) as of 1 July 2021 is \$1,615.40. Jamie is not employed under an industrial instrument.

Excess is calculated as **the lesser of** QOTE or the injured worker's weekly compensation rate – therefore the excess for this claim is \$1,200 because it is the lesser of the two rates.

The employer needs to pay this amount directly to the injured worker.

Calculate rate

Total incapacity
excessPartial incapacity
excessTotal and partial
incapacity in
same weekExcess when
2 or more
employers

Step 2b: Partial incapacity excess

Here is an example of an injured worker who is medically certified to work on reduced hours.

Julie is injured on 12 July 2021 and saw the doctor on the same day. She is certified fit for suitable duties on reduced hours for two weeks.

Julie's employer paid her **\$600** on reduced hours. Wage payments are calculated as **\$1500**. Her Award rate is **\$1200**.

Based on this information, Julie's weekly compensation rate is calculated as **\$1275**, since 85% of normal weekly earnings is **greater than** the Award.

Following the partial incapacity formula, the partial weekly compensation rate is calculated as **\$765**.

$$\begin{aligned} \text{Partial weekly compensation} &= \$1275 \times (\$1500 - \$600) \\ &\quad \underline{\$1500} \\ &= \$765 \end{aligned}$$

Excess is \$765 as this is the lesser amount. QOTE is \$1,615.40.

Steps				
1	2a	2b	2c	★
Calculate rate	Total incapacity excess	Partial incapacity excess	Total and partial incapacity in same week	Excess when 2 or more employers

Step 2c: Total and partial incapacity within same week

Here is an example of an injured worker who is medically certified unable to work, and then return on reduced hours within the same week.


Grant is injured at work on 9 July 2021. He attends his local GP on the same day and is certified as totally incapacitated for work on 10 July 2021, and then fit to return to suitable duties at four hours per day from 11 to 18 July 2021. The calculated weekly compensation rate is as follows:

- for **total incapacity** is **\$700**
- for **partial incapacity** is **\$350**, using the **PC** formula.

For each day of incapacity in the first seven calendar days, a daily rate (as below) needs to be calculated. Taking into account the total and partial incapacity periods, the weekly amount of compensation for Grant is calculated at **\$420**.

Day	Fri 10 July	Sat 11 July	Sun 12 July	Mon 13 July	Tue 14 July	Wed 15 July	Thu 16 July
Daily compensation rate	\$140			\$70	\$70	\$70	\$70

As QOTE is \$1,615.40 and the weekly compensation rate is \$420, the excess is **\$420** as this is the **lesser** amount.

Steps				
1	2a	2b	2c	
Calculate rate	Total incapacity excess	Partial incapacity excess	Total and partial incapacity in same week	Excess when 2 or more employers

Excess when worker has two or more employers

If a worker is working for two or more employers, excess is payable by the employer for whom the worker was working at the time of injury. WorkCover will pay the balance of the worker's entitlement to excess.

Example

- Worker works Monday to Friday for two employers
- Job A pays **\$500** per week (normal weekly earnings and Award rate are the same)
- Job B pays **\$300** per week (normal weekly earnings and Award rate are the same)
- Weekly compensation rate is **\$800** as this is the greater of 85% of normal weekly earnings (\$680) or Award rate
- Worker is injured at Job A.

Employer A is obliged to pay the excess for Job A (**\$500**). WorkCover will pay the balance (**\$300**) of the worker's entitlement to excess for Job B.

More information

- Visit [worksafe.qld.gov.au](https://www.worksafe.qld.gov.au)
- [Watch this video](#) to learn what wages information we need and how to provide it
- Call your Relationship Manager
- Call us on 1300 362 128.

