

How the WA Workers' Compensation System Works

The workers' compensation system in WA is primarily designed to return injured workers to suitable and sustainable employment as quickly as possible following a work-related injury, to cover injured workers for statutory entitlements and to provide a 'no-fault' system of compensation.

Workers' compensation coverage for employees is a legislative requirement. WA has a privately underwritten workers' compensation scheme, which means insurance coverage is provided by a multi-insurer system.

The Western Australian workers' compensation scheme comprises:

- [insurance](#)
- [compensation](#)
- [injury management](#)
- [dispute resolution](#)
- [regulation](#).

These elements are explained in detail below.



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Compensation

Injured workers have a statutory entitlement to compensation without the need to prove negligence by their employer (i.e. 'no-fault'). Injured workers receive compensation for loss of wages subject to a maximum amount per week and payment for medical and other treatment expenses. Statutory benefits are based on prescribed amounts, which represent the maximum compensation payable for the life of the claim for weekly benefits, medical and other related treatment and lump sum payments. Generally, injured workers receive their pre-injury earnings (to a maximum of two times average weekly earnings) for a period of 13 weeks, after which a step-down in income payments may apply. There are also potential extensions available to statutory benefits for injured workers, having regard to their social and financial circumstances.

Lump sum payments are available to injured workers in certain circumstances. Injured workers who suffer permanent impairment are able to apply for lump sum payments. Injured workers who wish to redeem or commute their claims are able to do so subject to meeting specified criteria.

Injured workers with significant or serious injuries are eligible to pursue common law damages from their employers, subject to meeting specified injury or impairment thresholds. Injured workers with 'significant' injuries can elect to pursue common law damages in the District Court, subject to a limit on the damages able to be awarded. Workers with 'serious' injuries can seek unlimited damages through the District Court.

The degree of disability/whole-of-person impairment required to qualify for limited common law damages and unlimited damages through the District Court changed in 2005.

Degree of Injury	Pre 14 November 2005	Post 14 November 2005
'Significant': to qualify for limited common law damages	16 per cent disability	15 per cent whole-of-person impairment
'Serious': to qualify for unlimited damages in the District Court	30 per cent disability	25 per cent whole-of-person impairment

Insurance

The objective of the insurance requirements of the workers' compensation scheme is to ensure employers have the capacity to:

- meet relevant medical and other costs that may arise when workers are injured at work
- maintain injured workers' incomes during the period they are away from work
- provide a sound injury management system that assists workers to return to work.

The Minister, on recommendation of WorkCover WA, approves insurers to underwrite workers' compensation insurance policies in WA. These approved insurers assume employers' liability for workers' compensation in the event of a workplace injury.

WorkCover WA can exempt employers from the need to obtain workers' compensation insurance through an approved insurer. To gain an exemption, employers need to demonstrate they have the material and financial resources to cover their own liabilities for any workplace injuries that may occur. Exempt employers are commonly referred to as self-insurers. There are currently nine insurers approved to underwrite workers' compensation insurance in Western Australia and 27 self-insurers.

Recommended premium rates for each industry are set and reviewed by WorkCover WA every year, based on actuarial advice, and published annually in the *Government Gazette*. Recommended rates provide a guide to insurers and employers in setting actual premiums, depending on employers' risk profiles and past claims experience. However, insurers may discount the recommended premium rates by any amount or surcharge (load the premium) by a maximum of 75 per cent of the relevant recommended rate. Loadings beyond 75 per cent require the approval of WorkCover WA.

Injury management

Injury management is a process of managing workers' injuries in a manner that is directed at enabling them to return to work. Injury management represents a cohesive, cooperative approach to return-to-work and involves injured workers, their employers and treating medical practitioners, working together to assist workers to return to suitable and sustainable employment.

All employers are required to establish an injury management system that sets out the steps to be undertaken when injuries occur. In certain situations, employers are required to establish and implement written return-to-work programs for injured workers. Return-to-work programs set out specific actions directed towards returning injured workers to work and typically include strategies such as alternative, modified or restricted duties and graduated return to pre-injury hours. The scheme includes an entitlement to access specialist return-to-work services provided by approved vocational rehabilitation providers.

Specialised retraining programs are available in certain circumstances for injured workers with permanent impairment who are unable to return to their pre-injury jobs and meet specified criteria.

Injured workers have an entitlement to access reasonable medical and allied health services at no cost up to a prescribed amount. This includes services provided by general practitioners and medical specialists, as well as approved allied health service providers such as vocational rehabilitation service providers, physiotherapists, occupational therapists and clinical psychologists. WorkCover WA sets recommended scales of fees for medical and allied health services, and facilitates medical assessment of whole-of-person impairment by approved medical specialists.

Regulation

WorkCover WA administers the workers' compensation scheme, which includes:

- education and information services, such as promotion of services, and provision of guidance and assistance to injured workers and employers
- regulation of the operation of the scheme through approval and performance monitoring of service providers
- enforcement of compliance by scheme participants with their legislative responsibilities.

WorkCover WA advises the Board and the Government on further development of the scheme and monitors the overall performance and sustainability of the scheme.

Dispute resolution

The WorkCover WA's Dispute Resolution Directorate (DRD) is responsible for resolving workers' compensation-related disputes.

The dispute resolution system comprises:

- minor claims and interim orders with the aim of providing prompt interim relief in appropriate cases
- statutory dispute resolution processes involving more complex matters
- civil proceedings related to common law claims submitted/made prior to 14 November 2005.

The dispute resolution system is aimed at resolving disputes as early as possible through a structured process involving an initial informal teleconference, followed by a conciliation conference and a formal arbitration hearing, if required.

The DRD also convenes medical assessment panels to resolve conflicts of medical opinion about the nature or extent of an injury or a worker's capacity for work.

Scheme payments and claims

Claim payments

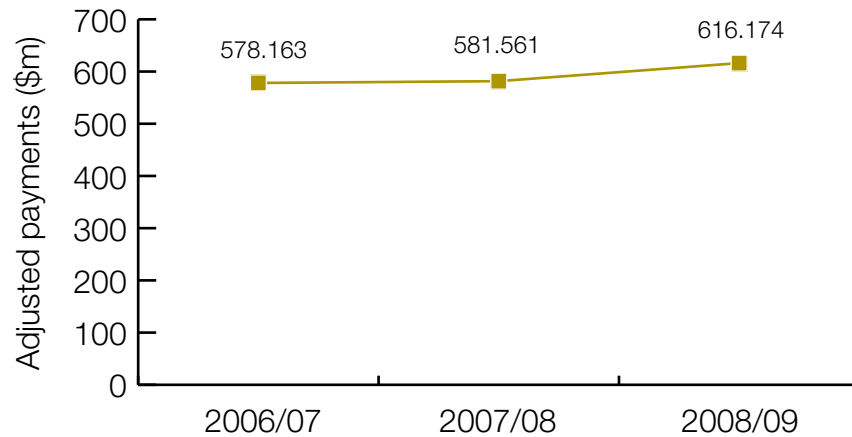
Claim payments include expenses for all workers' compensation claims reported by: approved and former insurers; the Insurance Commission of Western Australia in relation to insurance arrangements for State Government workers and industrial diseases; and self-insurers. Claim payments represent the actual expenses incurred during each financial year. Claim payment information is collected for the purpose of monitoring scheme outcomes, setting recommended premium rates for workers' compensation insurance and for strategic planning purposes.

Historical claim payment data has been adjusted for inflation using escalation factors calculated by the workers' compensation scheme actuary (PricewaterhouseCoopers Actuarial Pty Ltd). This adjustment ensures that past payments are represented in 2008/09 dollars. Total adjusted claim payments in 2008/09 totalled \$616.2 million.

Claim payments by category of expense 2005/06 – 2008/09 (inflation adjusted)

	2008/09		2007/08		2006/07		2005/06		4-year
	Payments (\$m)	% of Total	Payments (\$m)	% of Total	Payments (\$m)	% of Total	Payments (\$m)	% of Total	% change
Allied Health and Vocational Rehabilitation Payment	53.863	8.7	50.934	8.8	51.337	8.9	54.487	9.3	-1.1
Other Treatment or Appliance Payment	33.916	5.5	32.453	5.6	30.789	5.3	31.873	5.4	6.4
Vocational Rehabilitation Payment	19.946	3.2	18.481	3.2	20.548	3.6	22.613	3.9	-11.8
Weekly Payment	220.503	35.8	202.451	34.8	193.924	33.5	190.235	32.4	15.9
Common Law or Other Act Payment	86.873	14.1	83.455	14.4	79.271	13.7	77.956	13.3	11.4
Fatal Payment	3.308	0.5	2.614	0.4	1.580	0.3	2.095	0.4	57.9
Legal Expense Payment	30.883	5.0	27.331	4.7	32.415	5.6	35.272	6.0	-12.4
Redemption Payment	71.806	11.7	71.182	12.2	76.878	13.3	81.498	13.9	-11.9
Specific Injury Payment	21.787	3.5	19.609	3.4	20.948	3.6	23.197	4.0	-6.1
Medical or Hospital Payment	96.894	15.7	96.913	16.7	92.274	16.0	93.998	16.0	3.1
Hospital Expense Payment	32.632	5.3	32.400	5.6	30.210	5.2	30.182	5.1	8.1
Medical Practitioner or Specialist Payment	64.262	10.4	64.513	11.1	62.064	10.7	63.816	10.9	0.7
Miscellaneous Payment	30.257	4.9	27.073	4.7	29.537	5.1	27.712	4.7	9.2
Total	616.174		581.561		578.163		586.448		5.1

Adjusted claim payments by year 2005/06 to 2008/09



Claim statistics

Unlike claim payments, claim statistics represent workers' compensation information according to the financial year in which claims are lodged. Claims data is dynamic in nature and, as a result, WorkCover WA continuously updates its lost-time claims database as information is received from insurers and self-insurers. The dynamic nature of the data necessitates that annual snapshots of the data are presented.

Over time, a greater proportion of lost-time claims become finalised and subsequent snapshots of the scheme provide more up-to-date claims information. The information contained within this section of the report is based on claims data extracted in January 2009 and should therefore be considered as a snapshot of the workers' compensation scheme in Western Australia. It should be noted that, due to the nature of capturing, verifying and analysing claims data, information for the 2008/09 year was not available at the time of publishing this report.

Number of claims by gender

	2007/08	2006/07	2005/06	2004/05
ALL PERSONS				
Total claims lodged	42,223	41,561	41,960	43,861
Lost-time claims	18,368	18,141	18,114	18,881
MALES				
Total claims lodged	30,403	30,249	30,886	32,639
Lost-time claims	12,736	12,647	12,705	13,449
FEMALES				
Total claims lodged	11,820	11,312	11,074	11,222
Lost-time claims	5,632	5,494	5,409	5,432

Frequency rate of lost-time claims by gender

	2007/08	2006/07	2005/06	2004/05
ALL PERSONS				
Frequency rate	10.5	10.7	11.2	13.4
MALES				
Frequency rate	11.8	11.9	12.7	15.4
FEMALES				
Frequency rate	8.4	8.6	8.8	10.1

Note

Frequency rate is the number of lost-time claims per million hours worked.

Number of lost-time claims by industry

	2007/08		2006/07		2005/06		2004/05		4-year
	Number of claims	% of total	Number of claims	% of total	Number of claims	% of total	Number of claims	% of total	% change
Agriculture, Forestry, Fishing	809	4.4	831	4.6	940	5.2	1,056	5.6	-23.4
Mining	971	5.3	868	4.8	821	4.5	835	4.4	16.3
Manufacturing	3,502	19.1	3,682	20.3	3,552	19.6	3,873	20.5	-9.6
Electricity, Gas and Water Supply	89	0.5	98	0.5	71	0.4	74	0.4	20.3
Construction	2,597	14.1	2,533	14.0	2,105	11.6	2,103	11.1	23.5
Wholesale Trade	813	4.4	832	4.6	815	4.5	770	4.1	5.6
Retail Trade	2,087	11.4	2,033	11.2	1,986	11.0	2,099	11.1	-0.6
Accommodation, Cafes and Restaurants	615	3.3	614	3.4	615	3.4	733	3.9	-16.1
Transport and Storage	1,150	6.3	1,045	5.8	1,038	5.7	1,099	5.8	4.6
Communication	72	0.4	86	0.5	58	0.3	50	0.3	44.0
Finance and Insurance	74	0.4	66	0.4	80	0.4	80	0.4	-7.5
Property and Business Services	904	4.9	989	5.5	1,411	7.8	1,333	7.1	-32.2
Government Administration	167	0.9	156	0.9	217	1.2	410	2.2	-59.3
Education	1,052	5.7	1,020	5.6	1,130	6.2	1,040	5.5	1.2
Health and Community Services	2,339	12.7	2,246	12.4	2,316	12.8	2,350	12.4	-0.5
Cultural and Recreational Services	480	2.6	467	2.6	448	2.5	375	2.0	28.0
Personal and Other Services	646	3.5	575	3.2	511	2.8	601	3.2	7.5
Total	18,368		18,141		18,114		18,881		

Explanatory notes

Total number of claims lodged in 2007/08: 42,223 claims were lodged with insurers and exempt employers. This figure includes disallowed claims.

Of the total number of lost-time claims in 2007/08: 18,368 lost-time claims were lodged with insurers and exempt employers. Lost-time claims are defined as resulting in one or more days or shifts off work.

The Australian Bureau of Statistics has changed the methodology for calculating the total numbers of hours worked for 2005/06 to 2007/08. This has affected the frequency rates for those years.