Workers’ Compensation
Scheme Trends
May 2015

A workers’ compensation and injury management scheme that works for all
About WorkCover WA

WorkCover WA is the government agency responsible for overseeing the workers’ compensation and injury management scheme in Western Australia.

This includes monitoring compliance with the *Workers’ Compensation and Injury Management Act 1981*, informing and educating workers, employers and others about workers’ compensation and injury management, and providing an independent dispute resolution system.

This publication is current at May 2015.

Disclaimer

This publication contains information regarding workers’ compensation and injury management scheme trends. It is intended to provide general information only. The statistics were the most recent available at the time of publication.

For more information, visit the WorkCover WA website at www.workcover.wa.gov.au.

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Rating our scheme

As a regulatory body, WorkCover WA closely monitors the performance of all aspects of the workers’ compensation and injury management scheme and its participants.

The Western Australian workers’ compensation and injury management scheme is working well. With the lowest standardised average premium rate in Australia and a strong funding ratio, the scheme delivers appropriate support to injured workers while maintaining premiums at an affordable level for employers.

Continuing to analyse the performance of the scheme enables WorkCover WA to inform participants about opportunities for improvement and positions all of us to respond to emerging trends.

This publication provides a snapshot of the scheme trends which WorkCover WA analyses.

In 2013/14, there were 35,562 work-related injury and disease claims lodged. Of these 16,957 resulted in claims with lost-time. Analysis of the most recent comparative statistics shows three quarters of scheme costs continue to support injured workers, on par with the national average.

Our state’s return to work rate of 79 per cent is also above the national average for workers who returned to work within seven to nine months of injury.

In terms of claim disputes, over 90 per cent are resolved within six months, well above the national average of 73.3 per cent.

However, there are more improvements to come. The new WorkCover WA Strategic Plan 2015 – 2018 takes effect on 1 July 2015 and positions us to meet future scheme needs.

We are confident of continuing to deliver a workers’ compensation and injury management scheme that works for all Western Australians.

Key comparative statistics

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>75%</td>
<td>of WA scheme costs expended on services and payments for workers</td>
</tr>
<tr>
<td>79%</td>
<td>of WA workers returned to work between 7–9 months post injury</td>
</tr>
<tr>
<td>2.5%</td>
<td>disputation rate the lowest of all Australian jurisdictions</td>
</tr>
<tr>
<td>93.6%</td>
<td>of WA claim disputes completed within six months</td>
</tr>
</tbody>
</table>

Sources:
Returning injured workers to work

For injured workers with 10 or more days absence from work...

- 89% had returned to work at some time since their injury or illness
- 79% were working at the time of the survey
- 63% had been back at work for at least three consecutive months on a regular basis

all higher than the national average

Source: Safe Work Australia
Return to Work Survey
November 2014

Scheme snapshot

In 2013/14 the following scheme participants...

- 251 approved medical specialists
- 37 approved workplace rehabilitation providers
- 27 self-insurers
- 9 approved insurers

assisted more than 35,562* workers who had a work-related injury or disease

to achieve our vision of a “workers’ compensation and injury management scheme that works for all”

16,957 claims involved lost-time

67% of payments were direct to workers

more than 1 million services provided

<table>
<thead>
<tr>
<th>Payment type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income payments</td>
<td>$353m</td>
</tr>
<tr>
<td>Lump sums</td>
<td>$255m</td>
</tr>
<tr>
<td>Treatment services</td>
<td>$208m</td>
</tr>
<tr>
<td>Legal &amp; other</td>
<td>$95m</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>399,090</td>
</tr>
<tr>
<td>Allied health</td>
<td>398,509</td>
</tr>
<tr>
<td>Vocational rehabilitation</td>
<td>247,147</td>
</tr>
<tr>
<td>Other</td>
<td>100,047</td>
</tr>
</tbody>
</table>

*Asbestos related diseases, journey claims and disallowed claims excluded
Claims lodgement

In 2013/14, 35,562 claims were lodged (Figure 1). Of these, 48 per cent involved at least one day or shift off work; these are referred to as claims with lost-time. Of all lost-time claims lodged in 2013/14, 32 per cent of claims had 60 or more days or shifts lost; these are referred to as long duration claims (Figure 2).

Figure 2: Percentage of long duration lost-time claims

- No lost-time claims: 48%
- 1–59 days lost-time claims: 68%
- 60+ days lost-time claims: 32%

Just over one in every 100 employees has an absence of one or more working weeks due to work-related injury or disease.

Claim trends

Between 2010/11 and 2013/14, the number of claims lodged fell by 5.7 per cent. The decrease is primarily driven by an eight per cent reduction in the number of claims without lost-time (Figure 3).

During the same period, the number of lost-time claims decreased three per cent.
Claim trends (continued)

The proportion of long duration claims has steadily increased from 25 per cent to 32 per cent over the last four years, whereas claims with shorter duration decreased (Figure 4).

Figure 4: Percentage of lost-time claims by days lost group

<table>
<thead>
<tr>
<th></th>
<th>1-59 days</th>
<th>60+ days</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>2011/12</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>2012/13</td>
<td>73%</td>
<td>27%</td>
</tr>
<tr>
<td>2013/14</td>
<td>68%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Frequency rates

Frequency rate measures the number of lost-time claims per million hours worked and indicates the prevalence of workers’ compensation claims.

It is based on the number of hours worked by employed persons in Western Australia, as supplied by the Australian Bureau of Statistics. The completed 2013/14 data was not available at the time of publication.

The overall frequency rate decreased by six per cent between 2010/11 and 2012/13. While the frequency rate for shorter duration claims is decreasing, the rate of long duration claims has been stable over the last three years (Figure 5).

Figure 5: Frequency rate of lost-time claims per million hours worked

<table>
<thead>
<tr>
<th></th>
<th>1-59 days</th>
<th>60+ days</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/10</td>
<td>6.9</td>
<td>2.1</td>
</tr>
<tr>
<td>2010/11</td>
<td>7.0</td>
<td>2.3</td>
</tr>
<tr>
<td>2011/12</td>
<td>6.6</td>
<td>2.3</td>
</tr>
<tr>
<td>2012/13</td>
<td>6.2</td>
<td>2.3</td>
</tr>
</tbody>
</table>
Claim payments

After adjustment for inflation, claim payments comprising direct compensation and service payments have continued to rise since 2010/11 (Figure 6).

Direct compensation increased by 24 per cent between 2010/11 and 2013/14, and service payments increased by 14 per cent during the same period.

Payments by type

Direct compensation (e.g. income payment) accounted for 67 per cent of the total adjusted claim payments while service payments made up the remaining 33 per cent in 2013/14 (Figure 7).

The proportion of service payments has been stable over the last four years.

Medical and hospital payments accounted for 42 per cent of the total service payments, followed by legal and miscellaneous payments at 31 per cent and allied health and vocational rehabilitation payments at 27 per cent (Figure 8).
Return to work and injury management

Return to work

WorkCover WA commenced collecting return to work status information in 2010/11. The proportion of lost-time claimants who successfully returned to work has increased from 75 per cent to 79 per cent over the last four years (Figure 9).

In 2013/14, 79 per cent of workers with lost-time claims had returned to work in full or partial capacity. 16 per cent of workers had not returned to work because of injury related reasons and four per cent were not working for other reasons (Figure 10).

![Figure 9: Proportion of lost-time claimants who successfully returned to work](image)

![Figure 10: Proportion of lost-time claims by work status - 2013/14](image)

Continuance rate

The continuance rate monitors claims over time from the date a claim was lodged with an insurer. This indicator shows the number of claims involving weekly income replacement payments at three months, six months and twelve months as a proportion of claims involving weekly income replacements payments at one month. This indicator provides insight into claim duration and scheme exits (Figure 11).

The overall trend shows that the three-month continuance rate and twelve-month continuance rate have slightly increased, while the six-month continuance rate has decreased.

For claims lodged in 2013/14, 68 per cent involved weekly income replacement payments at three months, reducing to 46 per cent of claims at six months. The twelve-month continuance rate for 2013/14 was not available at the time of publications (less than 12 months has elapsed since June 2014).
Injury management

Allied health service payments increased by 8 per cent between 2010/11 and 2013/14. In 2013/14, physiotherapy services accounted for 44 per cent of the total allied health service payments, followed by exercise therapy at 27 per cent and occupational therapy at 12 per cent (Figures 12 and 13).

Vocational rehabilitation service payments increased by 24 per cent between 2010/11 and 2013/14. Case management, travel, reports and workplace activities make up more than three quarters of all vocational rehabilitation payments in 2013/14. This trend has been consistent over the past four years (Figures 14 and 15).

Medical service payments increased by 14 per cent over the last four years. In 2013/14, almost half of the medical service payments were associated with general practitioner services (21 per cent), diagnostic imaging services (16 per cent), and anaesthetist services (12 per cent). Medical non-scheduled items accounted for 29 per cent of the total medical service payments. These medical services are not included in the schedule of medical items for which WorkCover WA sets prescribed fees.
Disputes and settlements

The WorkCover WA Dispute Resolution Directorate (DRD) ceased operations on 30 November 2011 and the Conciliation and Arbitration Services (CAS) commenced on 1 December 2011. Given the differences in the old and new systems, the dispute data prior to 2012/13 is not included in this report.

Dispute applications

The number of dispute applications increased by 21 per cent between 2012/13 and 2013/14. A 'dispute' is either a Conciliation that did not go to Arbitration, or a combined Conciliation and Arbitration.

In 2013/14, there were 1,945 disputes lodged (Figure 18). Of these Conciliations, 463 proceeded to Arbitrations.

Disputation rates

The disputation rate measures the number of disputes as a proportion of active claims in a financial year. An active claim is described as a claim on which a payment of any type was made during the financial year.

In WA, the disputation rate rose from 2.5 per cent in 2012/13 to 3.1 per cent in 2013/14 (Figure 19).

Dispute resolution timeframes

For the disputes lodged in 2013/14, 90 per cent of the matters resolved within six months, while 96 per cent of the matters resolved within nine months (Figure 20).
Settlements

The Act provides different pathways for settling workers’ compensation claims depending on whether the settlement relates to a statutory compensation claim or a common law action. Section 92(f) allows for resolution of common law actions that do not proceed to judgement in a Court.

Memorandum of Agreement is a legal instrument which, if registered with the Conciliation and Arbitration Services of WorkCover WA, records a statutory settlement of a worker’s compensation claim.

See Section 92(f) and Section 76 of the Workers’ Section of the *Workers’ Compensation and Injury Management Act 1981* respectively for details.

Settlement rate

*Figure 21: Settlements as a proportion of finalised claims*

The proportion of claims finalised by way of section 92(f) deeds rose over the past four years, while the proportion of claims finalised through Memorandum of Agreements has been stable (Figure 21).

In 2013/14, five per cent of claims finalised through section 92(f) deeds, whereas 10 per cent were finalised through Memorandum of Agreements.

Settlement payments

Settlement payments increased over time and can be largely attributed to payments associated with Section 92(f) deeds.

In 2013/14, half of the settlement payments ($117.7m) were associated with section 92(f) deeds, while half were Memorandum of Agreements ($117.3m).
In 2013/14, the highest number of claims and proportion of lost-time claims were associated with manual labour and high risk industries such as Construction at 16 per cent, Health care and social assistance at 14 per cent and Manufacturing at 12 per cent (Figure 23).

### Frequency rates by industry

In 2012/13, the industry with the highest frequency rate was Manufacturing (14.7 per cent), followed by Arts and recreation services (13.2 per cent) and Healthcare and social assistance (12.8 per cent).

Financial and insurance services had the lowest frequency rate during the same period (Figure 24).
Claims by occupation

The Occupational classification is based on the Australian and New Zealand Standard Classification of Occupations (ANZSCO) published by the Australian Bureau of Statistics. It is a skill based classification which encompasses all occupations in the Australian workforce (available at abs.gov.au).

Technicians and trades workers, Labourers and Machinery operators and drivers accounted for 64 per cent of lost-time claims in 2013/14.

In contrast, white collar workers occupied the lowest proportion of claims, including sales workers at five per cent, clerical and administrative workers at four per cent and managers at three per cent (Figure 25).

Figure 25: Percentage of lost-time claims by occupation - 2013/14
Injury/disease attributes

Level of incapacity

Injuries or diseases resulting in permanent incapacity (total or partial) have steadily decreased over the past four years (Table 1). Given insurers usually report the incapacity status when a claim is finalised, an additional year lag is provided to allow claims to mature.

In 2012/13, almost 80 per cent of work-related injuries and diseases resulted in temporary incapacity for claimants. Partial permanent incapacity accounted for 20 per cent of lost-time injuries (Figure 26).

Table 1: Number of lost-time claims by level of incapacity

<table>
<thead>
<tr>
<th>Level</th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary incapacity</td>
<td>12,725</td>
<td>13,441</td>
<td>14,062</td>
<td>14,171</td>
</tr>
<tr>
<td>Permanent incapacity - partial</td>
<td>3,490</td>
<td>3,778</td>
<td>3,861</td>
<td>3,594</td>
</tr>
<tr>
<td>Permanent incapacity - total</td>
<td>236</td>
<td>252</td>
<td>196</td>
<td>87</td>
</tr>
<tr>
<td>No capacity at any time</td>
<td>8</td>
<td>13</td>
<td>27</td>
<td>58</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,459</strong></td>
<td><strong>17,484</strong></td>
<td><strong>18,146</strong></td>
<td><strong>17,910</strong></td>
</tr>
</tbody>
</table>

Figure 26: Percentage of lost-time claims by level of incapacity - 2012/13

There were 28 compensated fatalities in 2013/14 and an average of 27 fatalities between 2010/11 and 2013/14 (Figure 27).
### Agency of injury/disease

In 2013/14, environmental agencies accounted for 23.3 per cent of work-related injuries or diseases, followed closely by non-powered handtools, appliances and equipment at 23.0 per cent (Figure 28).

**Figure 28: Percentage of lost-time claims by agency of injury/disease - 2013/14**

<table>
<thead>
<tr>
<th>Agency of injury/disease</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental agencies</td>
<td>23%</td>
</tr>
<tr>
<td>Non powered handtools appliances and equipment</td>
<td>23%</td>
</tr>
<tr>
<td>Materials and substances</td>
<td>17%</td>
</tr>
<tr>
<td>Animal human and biological agencies</td>
<td>10%</td>
</tr>
<tr>
<td>Mobile plant and transport</td>
<td>9%</td>
</tr>
<tr>
<td>Other and unspecified agencies</td>
<td>8%</td>
</tr>
<tr>
<td>Powered equipment tools and appliances</td>
<td>5%</td>
</tr>
<tr>
<td>Machinery and mainly fixed plant</td>
<td>4%</td>
</tr>
<tr>
<td>Chemicals and chemical products</td>
<td>1%</td>
</tr>
</tbody>
</table>

### Mechanism of injury/disease

The mechanism of injury or disease refers to the action, exposure or event that best describes the circumstances that resulted in the most serious injury or disease.

In 2013/14, the predominant causes of work-related injuries or diseases are due to body stressing at 39 per cent; falls, trips and slips at 24 per cent; and being hit by moving objects at 20 per cent (Figure 29).

**Figure 29: Percentage of lost-time claims by mechanism or injury/disease - 2013/14**

<table>
<thead>
<tr>
<th>Mechanism of injury/disease</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Body stressing</td>
<td>39%</td>
</tr>
<tr>
<td>Falls trips and slips of a person</td>
<td>24%</td>
</tr>
<tr>
<td>Being hit by moving objects</td>
<td>20%</td>
</tr>
<tr>
<td>Hitting objects with a part of the body</td>
<td>8%</td>
</tr>
<tr>
<td>Other and unspecified mechanisms of incident</td>
<td>3%</td>
</tr>
<tr>
<td>Mental stress</td>
<td>3%</td>
</tr>
<tr>
<td>Heat electricity and other environmental factors</td>
<td>2%</td>
</tr>
<tr>
<td>Chemicals and other substances</td>
<td>1%</td>
</tr>
<tr>
<td>Biological factors</td>
<td>0.5%</td>
</tr>
<tr>
<td>Sound and pressure</td>
<td>0.1%</td>
</tr>
</tbody>
</table>
Bodily location of injury/disease

Bodily location of injury/disease identifies the part of the body affected by the most serious injury or disease (Figure 30).

Workers' compensation statistics in WA show that injuries predominantly occurred to the:
- upper limbs (36 per cent)
- lower limbs (24 per cent)
- trunk of the body (21 per cent).

Nature of injury/disease

The nature of injury or disease classification is intended to identify the most serious injury or disease suffered by the worker. On average, around 92 per cent of lost-time claims resulted from work-related injuries, with the remaining eight per cent arising from work-related diseases.

Sprains and strains are the most common injuries, accounting for 55 per cent of all lost-time claims (Figure 31).
Sprains and strains

Just over half of all lost-time claims in the Western Australia workers’ compensation scheme are due to sprains and strains.

Although frequency rates have improved in recent years, sprains and strains injuries often involve slow recovery and are susceptible to recurrence.

In 2013/14, time off work associated with sprains and strains claims accounted for 62 per cent of total days lost in the Western Australian workers’ compensation and injury management scheme (Table 2).

Table 2: Profile of sprains and strains lost-time claims - 2013/14

<table>
<thead>
<tr>
<th>Totals</th>
<th>Lost-time claims</th>
<th>Lost-time claims</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All</td>
<td>Sprains and strains</td>
</tr>
<tr>
<td>Number of claims</td>
<td>16,957</td>
<td>9,325 (55 %)</td>
</tr>
<tr>
<td>Total days lost</td>
<td>1,315,273</td>
<td>820,164 (62 %)</td>
</tr>
<tr>
<td>Average days lost</td>
<td>78</td>
<td>88</td>
</tr>
</tbody>
</table>

Body stressing

In 2013/14, 62 per cent of sprains and strains claims were due to body stressing, followed by falls, trips and slips at 26 per cent and workers being hit by moving objects at seven per cent (Figure 32).

The remaining claims were caused by other factors, such as workers hitting objects with a part of the body.

Table 3: Number of sprains and strains claims by mechanism of injury/disease - 2013/14

<table>
<thead>
<tr>
<th>Mechanism of injury/disease</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Body stressing</td>
<td>5,818</td>
</tr>
<tr>
<td>Falls, trips and slips of a person</td>
<td>2,438</td>
</tr>
<tr>
<td>Being hit by moving objects</td>
<td>611</td>
</tr>
<tr>
<td>Other factors</td>
<td>458</td>
</tr>
</tbody>
</table>
Proportion of sprains and strains

Between 2011/12 and 2013/14, the number of sprains and strains lost-time claims decreased by 3.6 per cent after an increase in 2011/12 (Figure 33).

Although the number of sprains and strains lost-time claims shows a decreasing trend in recent years, the proportion of sprains and strains lost-time claims increased slightly during the same period, from 53 per cent to 55 per cent (Figure 34).

Frequency rate of sprains and strains

Between 2009/10 and 2012/13, the frequency rate of sprains and strains lost-time claims reduced from 4.7 claims per million hours worked in 2009/10 to 4.5 claims per million hours worked in 2012/13 (Figure 35).

Average days lost

The average days lost of sprains and strains claims increased from 81 days in 2010/11 to 88 days in 2013/14, although the recent year’s figures are subject to development (Figure 36).

During the same period, the average days lost for sprains and strains claims was 86 days.
More in-depth analysis of the WA workers’ compensation and injury management scheme is available from the WorkCover WA website at workcover.wa.gov.au.

Available reports

Quarterly
- Scheme Status Report
- Insurer Claim Report

Biannual
- Medical, Allied Health and Vocational Rehabilitation Service Status Report
- Conciliation and Arbitration Services Status Report

Annual
- Workers’ Compensation Statistical Report
- Long Duration Claims in the WA workers’ compensation scheme

Industry
- Construction Industry Statistical Information
- Manufacturing Industry Statistical Information
- Mining Industry Statistical Information
- Transport, Postal and Warehousing Industry Statistical Information

Actuarial
- Quarterly Statistics for WA Workers’ Compensation Experience