



2 Bedbrook Place  
Shenton Park  
Western Australia 6008  
[www.workcover.wa.gov.au](http://www.workcover.wa.gov.au)

telephone 08 9388 5555  
facsimile 08 9388 5550  
advisory services 1300 794 744  
TTY 08 9388 5537  
 @WorkCoverWA

# Workers' Compensation and Injury Management Amendment (COVID-19 Response) Act 2020

## Indexation of capped worker entitlements Fact Sheet 5

**The Act and regulations have been amended to provide for annual  
indexation of capped worker entitlements**

**Effective 12 October 2020**

### Background to changes

- Worker entitlements and caps that apply to them are indexed annually using various Australian Bureau of Statistics (ABS) indices such as Average Weekly Earnings (Amount C), Wage Price Index (Prescribed Amount) and Consumer Price Index (certain allowances indexed in accordance with section 5A). The applicable indexation methodology depends on the type of entitlement.
- Before 12 October 2020 the indexation methodology for most entitlement caps was hard coded in the Act, which was problematic if the ABS changed its methodology or frequency of published indices in a way that is different to the Act. This has occurred in the past with Average Weekly Earnings and the Wage Price Index.
- Further, the ABS AWE index has reduced twice since 2015/16 resulting in a decrease in the cap on workers' weekly payments (which is set at twice the average amount of AWE in WA from the preceding financial year). This resulted in a reduction in the weekly compensation paid to workers who were receiving the capped amount.
- The economic impacts of COVID-19 may be reflected in ABS indices on which capped worker entitlements are based being negative in the future, which may result in some worker entitlements reducing.
- These issues resulted in changes to the legislation.

## **Changes to the Act**

- The *Workers' Compensation and Injury Management Amendment (COVID-19 Response) Act 2020*:
  - set the capped amount for the 'Prescribed amount' and 'Amount C' applicable for 2020/ 2021 based on the amounts already in force and preserve amounts for prior years
  - shifts the indexation method to regulations for adjustments in subsequent financial years (from 1 July 2021) of the 'Prescribed Amount', 'Amount C' and amounts set in accordance with section 5A of the Act
  - protects against any reduction in the Prescribed Amount, Amount C or section 5A amount if that would otherwise occur as a result of the indexation method in regulations.

## **The regulations**

- The regulations define the relevant ABS indices and provide for annual indexation of the following amounts from 1 July 2021:
  - Prescribed Amount
  - Amount C
  - Amounts adjusted in accordance with section 5A (board and lodging value, wheeled chair or similar appliance, meals and lodging cost)
- Notes in the regulations refer to section 5A(5) of the Act which says a variation that would reduce an amount has no effect.