

# Workers Compensation System Annual Performance Review Report 2018/19

**State Insurance  
Regulatory  
Authority**

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# Executive summary

This 2018/19 workers compensation scheme annual performance report comprehensively documents the performance of the workers compensation scheme for the 2018/19 financial year to provide customers and stakeholders a transparent view of the scheme health and performance. In contrast to the data released as soon as possible month by month on SIRA's open data portal, this report covers the whole year and uses final data that has been subject to more extensive data quality assurance and analysis.


As the regulator of the NSW workers compensation scheme, the State Insurance Regulatory Authority's (SIRA) role is to ensure that insurance and support schemes are easy to deal with, deliver protection, recovery entitlements and provide affordable and sustainable outcomes.





This year's workers compensation scheme annual performance report uses a risk-based framework based on risks to the scheme efficiency, effectiveness, affordability, viability, customer experience and equity. The framework is outlined more comprehensively in the [Scheme Performance Framework section](#) of this report.

The report shows that the 2018/19 scheme performance was characterised by operational challenges that have impacted its effectiveness, efficiency, viability and its future affordability and the customer experience.

## Assessment of scheme performance

Figure 1 Assessment of scheme performance

Overall assessment against the performance framework	Rating	Comment
Effectiveness		<p>There has been deterioration in the RTW results utilising a number of methodologies to measure this important aspect of the scheme. This has a corresponding impact on the costs to the scheme for weekly benefits entitlements and the volume and duration of active claims.</p> <p>There are also increases in the medical costs with limited evidence of this improving RTW outcomes for customers.</p> <p>2018/19 has also experienced increases in primary psychological claims and higher numbers of fatalities than in previous years.</p> <p>Some positive performance trends have been observed including a minor increase the numbers of workers staying at work following</p>

		an injury / illness and relative stability in the number of claims received.
Efficiency		<p>There have been minor increases in the proportion of the scheme expenditure going directly to workers in weekly benefits and for workers' recovery, (eg medical costs). This may however reflect proportionally and significantly higher claim costs rather than improved efficiency through reduced insurer overhead expenses.</p> <p>The timeliness of insurers making liability decisions has improved however this may be due to the increased use of provisional liability decisions. While this practice is appropriate for some claims it may be inappropriate for other circumstances and masking poor performance in the timeliness of liability decisions. SIRA's claims management audit program will examine this trend in more detail.</p>
Affordability		<p>The scheme's premium affordability for most industries has remained stable since last year.</p> <p>The affordability of the scheme is a balance between the premium price points and the overall scheme viability. In 2018/19 while premiums were low for most industries compared with previous years, the premiums collected across the scheme are not generally reaching breakeven premium levels or targeted collection rates (see below) which impacts the viability.</p> <p>The time period covered in this report preceded the COVID-19 pandemic.</p>
Viability		<p>The assets held against current and future claims during 2018/19 was estimated to be adequate. However, the time period covered in this report preceded the COVID-19 pandemic and the associated economic downturn, which may adversely impact the financial viability of the scheme. In addition premium practices and pricing may prove problematic should the largest insurer in the scheme (the Nominal Insurer or NI) in particular continue to collect actual premium below break-even premium level.</p> <p>Year on year there have been significant increases in the claim costs for medical services and weekly benefits and higher numbers of active claims. In addition, there are more customers receiving weekly benefits. This impacts scheme viability if adequate premium revenue is not generated to cover these costs. Medical and weekly costs are exceeding expected costs for the scheme by 5 to 10 percent for medical payments and in excess of 10 percent for weekly benefits payments.</p>
Customer experience		<p>The overall customer experience of injured workers and employers which is measured by surveys, enquiries, complaints and disputes, is relatively stable.</p> <p>The experience for employers with insurers were rated as the least positive experiences.</p>

		The experience and outcomes for workers with complex psychological injuries is not as positive.
Equity	●	Customer response to equity and justice issues within the system remains stable.

## Scheme performance assessment criteria

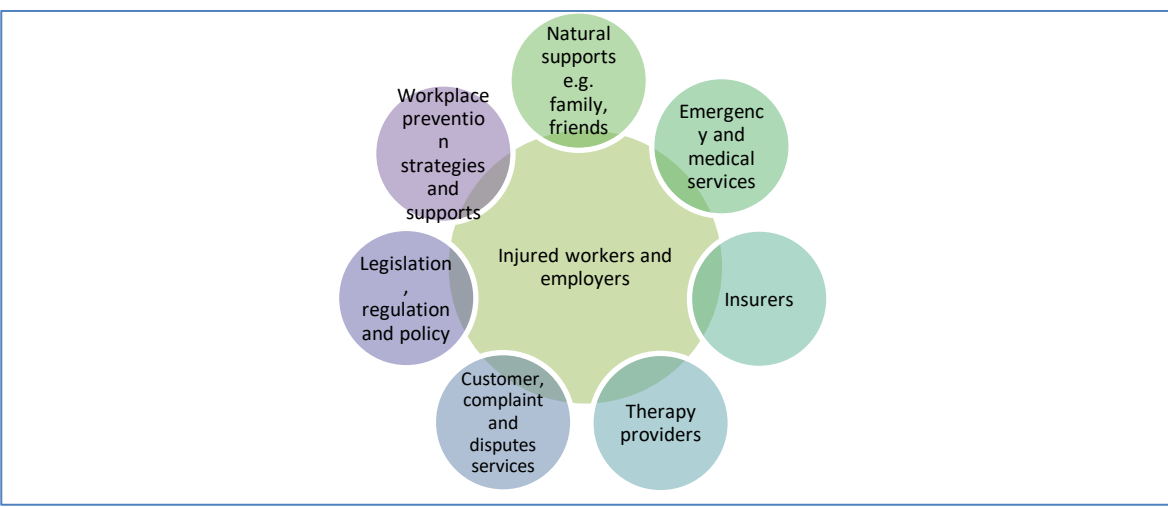
The assessment criteria to determine the level of risk the performance of the scheme has to harm the scheme

Category	Definition
Scheme performance represents a high risk to the scheme	Performance is likely to have the potential to harm the scheme at this stage.
● Scheme performance represents some risk to harm the scheme	Performance has some potential to harm the scheme at this stage.
● Scheme performance represents limited risk to harm the scheme	Performance has been assessed as having limited likelihood to harm the scheme at this stage.

## The NSW workers compensation scheme

The NSW workers compensation scheme is an insurance scheme designed to support workers during their recovery from work related injuries and return to work. The injured worker and employer are the customers at the centre of the scheme.

Figure 2 The NSW workers compensation scheme ecosystem



Most employers in NSW are legally required to have a workers compensation policy to ensure adequate support can be provided to workers injured in the course of their employment. Injured workers are compensated for the loss of weekly income, medical

and hospital expenses and a range of other benefits to help the worker recover and return to work.

Employers insured under the scheme are protected to help cover work related injuries or illness expenses. Their insurance policy can pay for workers' wages, medical and hospital expenses, return to work and a range of other services to help the worker recover.

Workers compensation insurance can also provide support to assist with; -

- domestic assistance,
- new employment assistance payments,
- education or training assistance payments,
- property damages,
- lump sum compensation for permanent impairment,
- uninsured employer claims
- payments in the event of death.

The NSW workers compensation scheme is the largest defined benefit scheme in Australia. It provided workers compensation insurance to businesses responsible for a reported \$270 billion of wages in NSW in 2018/19. There were 3.5 million employees insured across the scheme.

The objectives of the NSW workers compensation scheme are set out in section 3 of the *Workplace Injury Management and Workers Compensation Act 1998* (1998 Act). As follows. The principal objectives of the Authority in exercising its functions under the workers compensation legislation are as follows—

- (a) to promote the prevention of injuries and diseases at the workplace and the development of healthy and safe workplaces,
- (b) to promote the prompt, efficient and effective management of injuries to persons at work,
- (c) to ensure the efficient operation of workers compensation insurance arrangements,
- (d) to ensure the timely and effective resolution of disputes arising under the workers compensation legislation,
- (e) to ensure the appropriate co-ordination of arrangements for the administration of the schemes to which the workers compensation legislation relates.
- (2) The general functions of the Authority under the workers compensation legislation are as follows—
  - (a) to be responsible for ensuring compliance with the workers compensation legislation,
  - (b) to be responsible for the day to day operational matters relating to the workers compensation scheme,
  - (c) to establish procedures for dealing with complaints made by employers and by injured workers in relation to matters arising under the workers compensation scheme,
  - (d) to monitor and report to the Minister on the operation and effectiveness of the workers compensation legislation and on the performance of the workers compensation scheme,
  - (e) to undertake such consultation as it thinks fit in connection with current or proposed legislation relating to the workers compensation scheme,
  - (f) to monitor and review key indicators of financial viability and other aspects of the workers compensation scheme,

- (g) to report and make recommendations to the Minister on such matters as the Minister requests or the Authority considers appropriate.

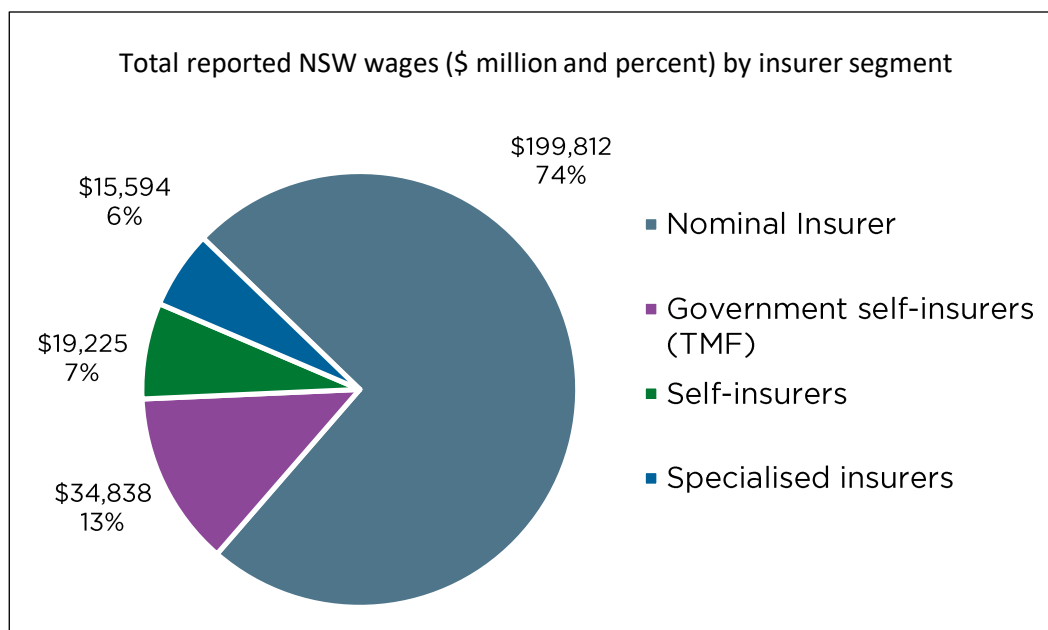
The NSW workers compensation scheme operates under three Acts, including the *Workers Compensation Act 1987* (1987 Act) and the *Workplace Injury Management and Workers Compensation Act 1998* (1998 Act)

In addition, in 2015 the State Insurance Regulatory Authority (SIRA) and icare NSW were established under the *State Insurance and Care Governance Act 2015* (SICG Act).

## Insurer arrangements in NSW

In 2018/19, the scheme insured \$270 billion of reported wages in NSW. Of those wages, 74 percent were insured by the Nominal Insurer, 13 percent by government self-insurers (TMF), seven percent by self-insurers, and six percent by specialised insurers.

**Figure 3 Total reported NSW wages (\$ million and percent) by insurer segment**



As at 30<sup>th</sup> June 2019 the system has the following insurance segments:

- Nominal Insurer (NI): a statutory insurer responsible for the Workers Compensation Insurance Fund (managed by icare NSW).
- Government self-insurers (TMF): employers covered by the NSW Government's managed fund scheme, the Treasury Managed Fund (TMF). The TMF is administered by the NSW Self Insurance Corporation (under icare NSW).
- Specialised Insurers: 6 industry-specific insurers
- Self-Insurers: 61 employers who are self-insured.

During 2018/19, licences were granted for the following entities.

- Wesfarmers Retail Holdings Pty Ltd (28/11/19)

- Coca-Cola Amatil Ltd (31/12/18)
- Persol Australia Holdings Pty Ltd (30/6/19)
- RGF Staffing Melbourne One Pty Ltd (30/6/19)
- OneSteel Recycling Pty Ltd (31/08/17)
- Austube Mills Pty Ltd (31/08/17)
- OneSteel Manufacturing Pty Ltd (31/08/2017)
- Boral Ltd (30/09/2017)
- Liberty OneSteel (Manufacturing) Pty Ltd (28/02/2018)
- OneSteel Trading Pty Ltd (31/08/2017).

Self-insurers may exit the scheme for several reasons including, organisational restructures, closures and other commercial decisions. Where an employer continues to engage in business, they can purchase workers compensation insurance. During 2018/19, one self-insurer did not re-apply for the renewal of its licence as the earlier application was made by its holding company. Programmed Skilled Workforce Ltd remains a self-insurer as it is now endorsed on Persol Australia Holdings Ltd's group self-insurer licence.

## 2012 legislative amendments

Legislative amendments in 2012 resulted in considerable adjustment to the scheme's benefit structure. The objectives of the amendments included introducing incentives for workers who could return work and the introduction of work capacity decisions for the purpose of calculating weekly payments. The amendments also provided increased support for workers with significant injuries. The focus was on capacity for work, rather than a worker's medical incapacity. This took the form of work capacity decisions and review processes, which were consistent with other comparable jurisdictions.

A five-year (260-week) cap on weekly payments was introduced for workers with 20 percent or less permanent impairment (PI), as specified under section 39 of the 1987 Act. The changes introduced a cap under section 59A affecting workers access to medical and related expenses.

## 2015 legislative amendments and 2016 regulation amendments

In September 2015, the *State Insurance and Care Governance Act 2015* (SICG Act) created SIRA as the regulator and icare to manage the Nominal Insurer.

Those amendments provided further support to workers with high needs with the introduction of medical payments for life, and consistent application of weekly payments at retirement age. The amendments increased lump sum payments available for permanent injury and death to the highest levels in Australia. Medical payments were also extended so that all workers are entitled to reasonably necessary medical expenses for up to two years from the date the claim was made, or two years from the worker's entitlement to weekly payments ceased. For workers with permanent

impairment of 11 to 20 percent, the entitlement period is extended up to five years, and for workers with permanent impairment of more than 20 percent have an entitlement to reasonably necessary medical expenses for life.

*The Workers Compensation Amendment (Legal Costs) Regulation 2016* also allowed a worker to access paid legal advice to apply for a merit review of a work capacity decision, with costs payable by the insurer.

## 2018 dispute resolution amendments come into effect

The *Workers Compensation Legislation Amendment Act 2018* was introduced to simplify the dispute resolution processes with the objective of offering more consistent outcomes for workers, employers, insurers and providers. The changes commenced on 1 January 2019.

Under the amendments, the Workers Compensation Commission was granted exclusive jurisdiction to hear and determine all workers compensation disputes under the Acts. The changes also established new pathways for enquiries and complaints with the Workers Compensation Independent Review Office (WIRO) becoming responsible for managing enquiries and complaints from workers about the service and conduct of their insurer whilst employers, insurers and system providers enquiries and complaints were directed to SIRA.

Several other changes were made to dispute resolution, including:

- Consolidating notice requirements to enable insurers to provide a single decision notice to workers where liability is disputed, or a work capacity decision is made. The objective was to promote workers' clarity and understanding of impacts on their entitlements.
- Allowing the Commission to determine certain disputes relating to permanent impairment, instead of by an approved medical specialist. This was designed to enable the efficient resolution of disputes, and to allow workers to focus on their recovery, wellbeing, and returning to work.
- Enabling a worker to seek an optional internal review by the insurer.
- Changes to legal costs in relation to work capacity decisions.

## Miscellaneous amendments in 2018

Other miscellaneous amendments introduced by the *Workers Compensation Legislation Amendment Act 2018* include:

- Allowing employers to use electronic methods to provide information about workers compensation and return to work programs. This supports remote workers and those working flexibly.
- Amendments to commutation provisions to ensure workers with catastrophic injuries have access to lifetime medical and related treatment. These workers retain the ability to commute their entitlement to weekly payments.



- Amendments to standardise indexation notifications, which allow SIRA to approve and issue indexation adjustments.

## Claims Handling Standards and Guidelines

The Standards of practice: Expectations for insurer claims administration and conduct (Standards) were developed after undertaking a comprehensive review of the claims handling framework in NSW, and were made effective from 1 January 2019. They outline clear, consistent, accessible and enforceable expectations for the management of workers compensation claims and insurer conduct.

The Standards were supported by changes to the Workers Compensation guidelines (Guidelines). Together, the Standards and revised Guidelines set clear, consistent, accessible and enforceable expectations that will guide insurer conduct and claims management.

## Changes to Pre-injury Average Weekly Earnings (PIAWE)

Changes to pre-injury average weekly earnings (PIAWE) were introduced which apply to workers injured on or after 21 October 2019. The amendments simplified and improved the way in which PIAWE is calculated for the purposes of determining the worker's entitlement to weekly compensation of payments.

The *Workers Compensation Amendment (Pre-injury Average Weekly Earnings) Regulation 2019* introduced PIAWE Agreements and makes provision with respect to the calculation of a worker's PIAWE for the purposes of determining the worker's entitlement to weekly compensation of payments. These provisions included:

- the circumstances in which the 52-week relevant earning period may be adjusted
- matters which may be considered for workers employed for less than 4 weeks (short-term workers)
- the calculation of PIAWE for certain apprentices, trainees and young people
- preparing and approving PIAWE agreements
- excluding certain payments made by the employer from a worker's PIAWE
- adjustment payments to workers following any increase in weekly payment compensation resulting from a PIAWE work capacity decision.

To support the commencement of PIAWE changes in October 2019, the Workers Compensation Guidelines were amended by the addition of Part 10: Pre-injury average weekly earnings. The guidelines contain provisions with respect to PIAWE for apprentices, trainees and young people, as well as non-monetary benefits. Further minor amendments were also made to SIRAs Standards of Practice.

For more information about amendments to the NSW workers compensation legislation, visit our [overview of changes and reforms page](#) on the SIRA Claims Management Guide.

## COVID 19 presumptive legislation passed by Parliament

COVID – 19 legislative amendments (Emergency Measures – Miscellaneous) Bill 2020 was passed in the NSW Parliament and assented to by the Governor in May 2020. The



Bill included amendments to the *Workers Compensation Act 1987 (1987 Act)* to introduce a presumption that those workers who contracted COVID-19 and who worked in certain types of employment have contracted COVID-19 during the course of their employment.

The Bill will be supported by regulations and consultation has commenced to develop the Regulations.

The time period covered in this report preceded the COVID-19 pandemic.

## Regulating the scheme

### Premium and prudential supervision

The Workers Compensation Market Practice and Premiums Guidelines (MPPGs) enables insurers to define premiums they intend to charge for workers compensation policies.

A revised version of the MPPGs was published in May 2018 after extensive consultation on premium and prudential supervision. The revised MPPGs applied to premium filings submitted by insurers during the time period covered in this report.

The revised MPPGs for 2018/19:

- addressed market feedback on premium volatility
- clarified premium filing processes, and
- established market practices for licensed workers compensation insurers.

### New requirements for insurer claims administration and conduct

SIRA has created new standards of practice and guidelines for insurers to improve outcomes for customers of the workers compensation scheme. The Standards of practice, workers compensation guidelines and workers compensation medical dispute assessment guidelines, were published on the 21st December 2018 and they took effect on 1 January 2019.

The standards of practice are a key tool to regulate insurers to have effective claims management practices to help deliver positive experiences and outcomes for workers, employers and the people of NSW. Effective claims management practice has been shown to play a role in the recovery of workers and their capacity to engage with the community e.g. through return to work.

These tools are supported by streamlined and consolidated Workers Compensation guidelines which were published in the Government Gazette on the NSW Legislation website in December 2018.

The workers compensation guidelines replace the:

- Guidelines for claiming workers compensation (1 August 2016)
- Guidelines on injury management consultants (27 September 2012)
- Guidelines on independent medical examinations and reports (13 March 2012).

Workers compensation medical dispute assessment guidelines have also been gazetted. They replace the WorkCover medical assessment guidelines 2006 and complement reforms to the dispute resolution process.

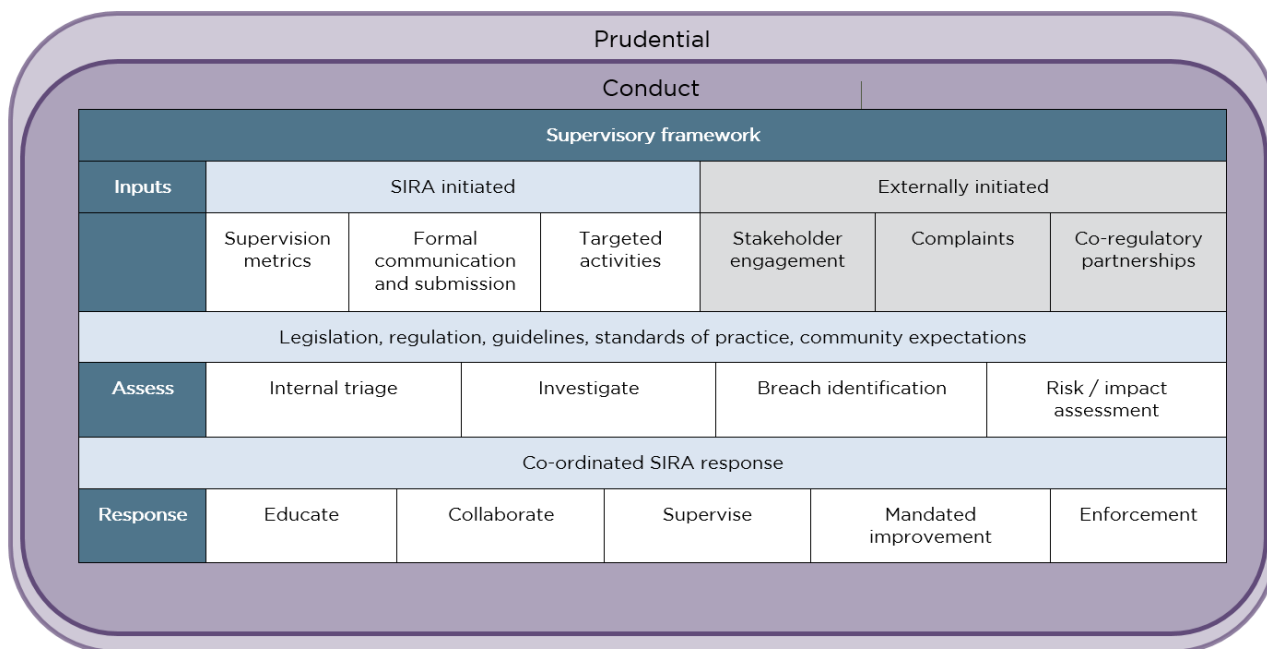
The WorkCover interim payment direction guidelines 2009 were revoked during the time period covered in this report. The relevant guidance is the Workers Compensation Commission's practice direction no. 10 Interim payment directions for weekly payment of compensation or medical expenses compensation (30 October 2018).

SIRA has a risk-based approach to monitoring insurers (as shown in the following diagram) and utilises evidence to ensure that the insurers offer service to customers which includes monitoring insurers performance through:

- regular engagement and feedback
- data analysis
- building capability
- compliance and performance monitoring
- education and support.

Risks across 3 key areas of conduct, claims management and viability are closely monitored by SIRA. SIRA is continuing to develop both insurer and scheme performance data.

**Figure 4 Diagram of SIRA's Prudential and conduct supervision program**



## Insurer supervision portal

SIRA further refined the implementation of its Insurer Supervision Model in 2018/19 with the development of an insurers supervision portal. The ongoing implementation of this model has enabled SIRA to:

- gather evidence and information through several inputs
- assess risk through an understanding of the legislation, regulation and community expectations
- engage interventions proportional to risk and
- drive better outcomes for workers and employers.

One of the issues currently impacting regulation and understanding the performance of the scheme is quality of the insurers data submissions to the regulator and the timeliness of their actions in correcting data issues. SIRA is committed to proactive communication with insurers about their performance against SIRA standards of service delivery, viability and insurer conduct. The portal enables reporting and communication as well as programs of improvement from the regulator.

In 2018/19 SIRA placed an increased focus on improving the completeness, quality and timeliness of data submitted by insurers. Regulatory activities including improvement plans, assessment of low tier performance levels for insurers and data audits formed part of SIRA's regulatory approach to improve the quality and completeness of the data.

In addition, SIRA has undertaken audits and regulatory and enforcement action. This is separately detailed in [this report](#) and on [SIRA's website](#).

Should you wish to know more about SIRA's insurer supervision program please visit our [website](#).

## SIRA - the workers compensation scheme regulator

### About us

SIRA was created under part 3 of the *State Insurance and Care Governance Act 2015* (SICG Act).

In establishing SIRA, the Government's intention was to 'create a consistent and robust framework to monitor and enforce insurance and compensation legislation in NSW, and to ensure that public outcomes are achieved in relation to injured people, policy affordability and scheme sustainability' (from the second reading speech of the SICG Act). SIRA's objectives and regulatory role is set out in the Act as follows:

SIRA's objectives and regulatory role is set out in the Act as follows:

- to promote the efficiency and viability of the insurance and compensation schemes established under the workers compensation and motor accidents legislation and the Home Building Act 1989 and the other Acts under which SIRA exercises functions
- to minimise the cost to the community of workplace injuries and injuries arising from motor accidents and to minimise the risks associated with such injuries

- to promote workplace injury prevention, effective injury management and return to work measures and programs
- to ensure that persons injured in the workplace or in motor accidents have access to treatment that will assist with their recovery
- to provide for the effective supervision of claims handling and disputes under the workers compensation and motor accidents legislation and the *Home Building Act 1989*
- to promote compliance with the workers compensation and motor accidents legislation and the *Home Building Act 1989*.

You can read more about SIRA's [governance](#), [strategic framework](#), [regulatory approach](#) and [current strategic priorities](#).

## SIRA's Governance

SIRA is an independent agency located within the NSW Customer Service Cluster. The affairs of SIRA are managed and controlled by the Chief Executive in accordance with the general policies and strategic direction determined by the SIRA Board. Anything done by the Chief Executive on behalf of SIRA is taken to have been done by SIRA (section 19(3) of the SICG Act).

The functions of the SIRA Board are set out in section 18(5) of the Act and include:

- determining the general policies and strategic direction of SIRA
- overseeing the performance of SIRA
- giving the Minister any information relating to the activities of SIRA that the Minister requests
- keeping the Minister informed of the general conduct of SIRA's activities and of any significant development in activities.

## SIRA's strategic framework

While SIRA is not, in the exercise of its functions, subject to the control and direction of the Minister, the Minister may give SIRA a written direction with respect to its functions if the Minister is satisfied that it is necessary to do so in the public interest. SIRA must include in its Annual Report particulars of each direction given by the Minister during the reporting year.

## Purpose

To ensure that the NSW workers compensation, CTP and home building compensation schemes are fair, affordable and effective.

## Mission

To steward the NSW workers compensation, CTP and home building schemes to ensure that people who make a claim now, or in the future, get the support they need.

## Goals

- Financially sustainable schemes.
- Affordable premiums.
- Optimal outcomes for injured people.
- Positive customer experiences.
- Public trust in SIRA and the schemes it regulates.

## Functions

Design and reform	Designing and reforming schemes – through policy advice, guidelines, and scheme design and performance.
Supervise and enforce	Supervising the performance of regulated parties and enforcing compliance with the law – through monitoring performance and compliance, audits and reviews, and enforcement of the law and its licence conditions.
Innovate and engage	Innovating and engaging others to improve customer outcomes – through stakeholder engagement and communication, service delivery, and research and leadership in personal injury.

## SIRA's regulatory approach principles

SIRA's role is to ensure that the schemes it regulates continue to be fair, effective and affordable for policy holders, and for people who make a claim for compensation today or in the future. Since overseeing significant reforms to the schemes, SIRA's regulatory approach has matured and adapted to new priorities and expectations, including in response the 2019 Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and the 2019 Australia Prudential Regulatory Authority (APRA) Capability Review.

The 10 principles below outline SIRA's regulatory approach to assist regulated entities, service providers, customers and stakeholders in the Workers Compensation, CTP and Home Building Compensation schemes to know about SIRA's focus, the way decisions will be made and how SIRA will engage on matters of scheme design and compliance.

Customer focus	Everything SIRA does is guided by protecting the interests of its customers – policyholders and people who make claims, now and in the future.
Responsiveness	SIRA is responsive to changing community expectations and to public scrutiny.
Stewardship	SIRA understands that administering the law is just part of its responsibility as scheme steward.
Consultation	SIRA consults widely and often to make better decisions and deliver better outcomes.
Evidence	SIRA relies on evidence and does what works – not just what is expected or easy.

<b>Innovation</b>	SIRA is always looking for innovative ways to improve outcomes.
<b>Efficiency</b>	SIRA builds future capability through current challenges, applies it across schemes and leverages others' work.
<b>Fairness</b>	SIRA makes its expectations clear and treats everyone fairly and with respect.
<b>Information</b>	SIRA actively publishes information on scheme and provider performance and makes data more useful.
<b>Accountability</b>	SIRA takes strong enforcement action when needed, based on the degree of harm or negligence, or the need for deterrence.

## SIRA's current strategic priorities

- Adapt policies, services and regulatory action to COVID-19.
- Improve return to work (RTW) outcomes for people injured at work and on the roads, including better reporting and measurement of RTW in NSW.
- Improve regulation of healthcare in CTP and workers compensation so injured people receive optimal healthcare at the optimal time for optimal health outcomes.
- Strengthen SIRA's strategic monitoring, supervision and enforcement program.
- Align and promote SIRA's regulatory approach across regulated schemes.
- Continue to advance transparency through open data and performance reporting.
- Support the implementation of the Personal Injury Commission (PIC).
- Implement customer conduct principles, customer experience research and reporting.
- Advance outcomes and practice in injury recovery through research and collaboration with experts and stakeholders.
- Strengthen organisational health and capability.

## About this report - Methodology and data

The information presented in this report is derived from data, annual declarations provided to SIRA, other submissions from NSW workers compensation insurers, the Workers Compensation Commission and the Workers Compensation Independent Review Office. In addition, SIRA and its partners have collected data from customers of the scheme to enable the scheme to be assessed from customers' perspectives.

The data is assessed and analysed by SIRA and SIRA's independent scheme actuary.

The data in this report for 2018/19 is generally full financial year data as received at 30 September 2019. In previous reports SIRA has completed this scheme review of the financial year based on data received as at 30 June each year, however significant variations particularly in claim numbers and claim costs have been observed following the end of the month submissions by insurers. For this reason, SIRA has sought to improve the reporting and opted for a later "as at date" to enable the maturation and development of customers claims journeys and to provide the best possible data

quality, completeness and transparency for reporting. In addition SIRAs decision to extend the “as at date” was made possible as there are currently monthly dashboards and data sets published on the [SIRA website](#) to offer timely information for stakeholders and customers.

There are some sections in this report that contain more current data than the end of September 2019 and where this is the case this has been noted in the report. Examples of this include updates on recent regulatory activity including the 2019 SIRA independent Compliance and Performance Review of the Nominal Insurer managed by icare (NI) and more recent data on trends in medical and weekly benefits claim costs.

The data presented in this report may differ to the data contained in the 2018/19 SIRA Annual Report due to timing, data maturation and development and information management processes. Similarly, this report may update data provided in previous years reports to reflect more recent data on claims from previous years.

All reportable claims reported to SIRA have been included in this report. Liability for some of the reported claims may have been disputed, but if a payment has been made against a claim, it has been included in the report.

SIRA is continuously working to improve the assessment of the scheme performance, the reported metrics and data quality and completeness. If you have any comments on this please [contact us](#).

The financial and cost information in this report is generally presented in original dollar values – without indexation or inflationary costs. Costs in the workers compensation scheme, particularly medical costs are subject to a variety of potential inflationary factors including medical fee schedules, statutory benefit indexation and general price inflation. As there is no single index which adjusts for all potential factors, therefore the costs in this report have been shown in their original dollar values for simplicity.

The premium values used in this report are as follows.

- Nominal Insurer premium in this report is calculated as total premium payable net of levies and GST.
- The premium for self-insurers is reported as deemed premium, calculated as wages covered multiplied by the premium rate applicable for the appropriate industry class.
- The premium for government self-insurers (TMF) is the value of the deposit contributions made by each member agency.
- The premium for specialised insurers is the gross written premium.

Where appropriate, this report has benchmarked scheme performance across the different insurer segments.

SIRA identified data quality issues with the accuracy and completeness of return to work data submitted by the Nominal Insurer (NI). The data appeared to indicate a significant deterioration in the NI's RTW performance however there was a need to undertake data quality assurance to eliminate the risk that the reported deterioration was a result of data quality problems. SIRA instructed the NI to improve the quality of the data. To address both the data quality and performance concerns with the NI, SIRA



carried out a data quality audit in December 2018 and completed a Compliance and Performance Review in December 2019. [This link will take you to these reports](#)

## Scheme performance framework

The SIRA Workers Compensation Performance Framework was developed with reference to the objectives for the scheme as outlined in the legislation.

Figure 5 The workers compensation scheme performance framework

Performance framework objectives	2018/19 measures
<b>Effectiveness</b> Scheme effectiveness in protecting workers, getting workers back to work and wellbeing.	<ul style="list-style-type: none"> <li>• RTW (work status code) rate.</li> <li>• The stayed-at-work rate</li> <li>• Self-reported returned to work rates</li> <li>• Self-reported current returned to work rates</li> <li>• Weekly benefits cessation.</li> <li>• Number of workers on weekly benefits</li> <li>• Maintaining a significant RTW</li> <li>• Customer and community attitudes to RTW</li> <li>• Claim volumes</li> <li>• Psychological claims</li> <li>• Volume of claims for fatal injuries</li> </ul>
<b>Efficiency</b> Scheme is efficiently delivered in terms of cost, time and process.	<ul style="list-style-type: none"> <li>• Claim volumes</li> <li>• Payments processed through the scheme</li> <li>• Benefits to and for workers as a proportion of expenses</li> <li>• Timeliness of reporting as assessing claims</li> <li>• The use of Provisional liability in liability decisions</li> </ul>
<b>Viability</b> The scheme is financially viable for future generations.	<ul style="list-style-type: none"> <li>• Securities held</li> <li>• Stability of claim costs</li> <li>• Stability of medical, weekly benefits and psychological injury claims costs</li> <li>• Adequacy of premium pricing and collection</li> <li>• Open and active claim numbers</li> <li>• Uninsured liability claims</li> <li>• Scheme operating fund</li> </ul>
<b>Affordability</b> Insurance premiums are affordable	<ul style="list-style-type: none"> <li>• Cost of premiums</li> <li>• Cost of premiums by industry</li> </ul>



Performance framework objectives	2018/19 measures
<b>Customer experience</b> The scheme provides a positive customer experience	<ul style="list-style-type: none"> <li>• Customers view of the scheme</li> <li>• Enquiries and complaints</li> <li>• Disputes</li> <li>• ILARS grants</li> <li>• SIRA's stakeholder engagement program</li> </ul>
<b>Equity</b> The scheme is fair and equitable	<ul style="list-style-type: none"> <li>• Customers assessment of the scheme fairness – procedural justice, informational justice and interpersonal justice.</li> <li>• Customers with multiple claims</li> <li>• Compliance and enforce activity</li> <li>• Employers compliance</li> </ul>

## Identified scheme risks and issues

### Coronavirus (COVID-19) and the economic downturn

The time period covered in this report preceded the COVID-19 pandemic. There is potential that this pandemic could present a risk to the NSW workers compensation scheme. The impacts may result in an increase in claims frequency and costs in the cases where workers contracted the virus while undertaking work duties. This will, in most cases, not have been part of the claim liability estimates developed by actuaries before the pandemic. As well it is unlikely that insurers' risk estimates, claim processing resourcing and breakeven rates will have accommodated for this pandemic. So, while not directly impacting the 2018/19 results, the pandemic may represent a risk for the workers compensation scheme and its services.

In addition, the economic climate predicted before the COVID-19 mitigation actions were implemented, as well as that resulting from the restrictions, are likely to result in diminished returns on the asset earnings for insurers. The income stream of insurers is also expected to be impacted by changes to the employment rates, reduced business activity and potentially decreased numbers of businesses trading and employment numbers resulting in the premiums expected and estimated not being realised.

### Ageing workforce

SIRA has responsibility for priority area 2.2 of the NSW Ageing Strategy, and is working with key stakeholders to:

- investigate the impacts of age restrictions in the workers compensation scheme
- develop and analyse the data around health and safety risk for older workers
- engage with insurance providers on private sector policies for older workers
- work with the Australian Government to review age-based limitations within workers compensation schemes.

### Gig economy and changing workforce arrangements

In recent years there has been some shift from permanent, full-time employment to temporary, short-term work as part of the 'gig economy'. SIRA is taking a proactive role to monitor and address current and emerging regulatory issues associated with the gig economy and its impact on the workers compensation scheme.

In November 2017, SIRA hosted a gig economy roundtable that examined the effect of the gig economy on the Workers Compensation scheme — for both workers and businesses — and the role that government could play.

SIRA also established a Gig Economy Stakeholder Reference Group, which met three times in 2018/19 to examine issues and consider whether regulatory changes were required. SIRA continued to monitor developments in NSW and other Australian and overseas jurisdictions to proactively address emerging issues.

## Compliance and Performance Review of the Nominal Insurer

SIRA is responsible for regulating all workers compensation insurers in NSW, the largest of which is the Nominal Insurer (NI) managed by icare. The success of the NI is therefore critical to the performance of the NSW Workers Compensation scheme.

In February 2019, the SIRA Chief Executive commissioned the Independent Compliance and Performance Review of the Nominal Insurer, and appointed Independent Reviewer, Ms Janet Dore. The Review was supported by independent actuaries from EY and authorised officers of SIRA. The terms of reference for the Review are available [here](#).

This Review was part of SIRA's program to provide strong, independent regulation of the scheme, and hold all insurers to account through performance monitoring of compliance for the services and outcomes they deliver for scheme customers.

The Review delivered findings on the operation and sustainability of the NI and recommendations for significant performance improvement. The Review assessed progress and performance through audits and stakeholder consultation and was undertaken immediately following a period of significant transformation of the NI. icare continued to introduce changes to its operations throughout 2019 while the Review was underway. A further program of audits is planned for 2020 which will assess the impact of changes made since completion of the Review audits and stakeholder consultation.

In summary, the Review identified priorities for improvement with a focus on early and safe return to work outcomes, claims management services, premium transparency and volatility. A 21-Point Action Plan was developed which is jointly monitored by SIRA and icare. The table below shows the status of progress against each of the 21 actions.

More information on the review of the NI can be found using this [link](#)

Figure 6 NI / icare 21-point action plan

Action point	• Details	Status	SIRAs assessment of progress
1. Business Plan resubmission	<ul style="list-style-type: none"><li>SIRA will require icare under Division 4 of the Workers Compensation Act 1987 to revise and re-submit to SIRA its FY19/20 business plan by 28 February 2020 to address key issues and findings from the review. The revised Business Plan is to include appropriate targets for return to work at 4, 13 and 26 weeks and action to deliver performance at the targeted levels as well as comprehensive plans to improve claims management by the NI including:</li><li>Scheme agent capability, resilience, staff turnover and resourcing</li></ul>	Completed	<p>SIRA will provide assistance and review the draft business plan to ensure compliance with requirements for the 2020/21 NI business plan.</p> <p>SIRA met with icare on 1 July 2020 to provide further clarity on expectations.</p>

	<ul style="list-style-type: none"> <li>• Ongoing review and refinement of claims management including agent arrangements, triaging of claims and provision of dedicated case managers to significantly injured workers</li> <li>• Claims management for workers with psychological injuries or mental illness</li> <li>• Systems for ensuring reasonably necessary healthcare services are provided appropriately, at the appropriate time for optimal recovery and return to work, and with high levels of regulatory compliance</li> <li>• Compliance with the Market Practice and Premiums Guidelines and review and refinement of the NI premium methodology</li> <li>• Compliance with mandatory data reporting and data quality requirements</li> <li>• Risk management, internal audit planning and risk mitigation reporting</li> <li>• Stakeholder engagement</li> <li>• (Expected financial savings should be reported on a net basis – requirement from SIRA CE letter dated 16 January 2020)</li> </ul>		
2. icare is required to urgently address data quality and timeliness issues and provide monthly data in accordance with regulatory requirements.	<ul style="list-style-type: none"> <li>• SIRA recommends icare work with an ICT assurance specialist agreed with SIRA to ensure adherence to data provision requirements.</li> </ul>	<b>Progressing</b>	SIRA is continuing with its monthly engagement/ data quality and improvement review meetings.
3. Review of icare Workers Insurance Premium Calculation Model	<ul style="list-style-type: none"> <li>• NI will undertake a comprehensive review of the icare Workers Insurance Premium Calculation Model, including:</li> <li>• detailed assessment of all components of the existing premium calculation methodology against the principles of the Market Practice</li> </ul>	<b>Completed</b>	icare are to undertake a comprehensive review of the premium formula with consideration of the issues raised in NI Compliance and Performance Review as well as the subsequent financial impacts of

	<ul style="list-style-type: none"> <li>and Premium Guidelines (MPPGs)</li> <li>• detailed analysis of longitudinal impacts for employers and any consequential or perverse impacts for the broader workers compensation system</li> <li>• development of alternative options with the objective of improving consistency with MPPGs</li> <li>• icare will provide SIRA with a report on its review of the Workers Insurance Premium Calculation Model as part of the 2020 NI premium filing.</li> </ul>		events (such as COVID-19) to enhance the quality of 2021 premium filing.
<b>4. icare's premium review arrangements</b>	<ul style="list-style-type: none"> <li>• icare will review and formally advise SIRA of its premium review arrangements under Section 8.5 of the Market Practice and Premiums Guidelines issued by SIRA under Division 2 of the Workers Compensation Act 1987.</li> <li>• icare will report to SIRA quarterly on premium complaints received and premium reviews and other actions taken as required.</li> </ul>	<b>Completed</b>	
<b>icare actions recommended by SIRA</b>	<ul style="list-style-type: none"> <li>•</li> </ul>		
<b>5. Dedicated case manager</b>	<ul style="list-style-type: none"> <li>• Noting icare has advised SIRA that icare and its agents now allocate a dedicated case manager where an injured worker is away from work for 2 weeks. SIRA recommends icare consider a further enhancement to allocate a dedicated case manager whenever an injured worker is likely to be (or has been) incapacitated for work for a continuous period of more than 7 calendar days.</li> <li>• This would include any injured person meeting the definition of a worker with a significant injury as defined by s42 of the Workplace Injury Management and Workers Compensation 1998 Act (1998 Act) and would strengthen delivery of appropriate injury management</li> </ul>	<b>Progressing</b>	icare is to continue to provide updates to SIRA on progress through the Joint Claims Assurance Committee (JCAC).

	as required by s45 of the 1998 Act.		
6. Agent remuneration incentives for 4,13,26 weeks	<ul style="list-style-type: none"> <li>icare should review RTW remuneration incentives for scheme agents and relevant icare employees to ensure focus on return to work outcomes at 4, 13 and 26 weeks.</li> </ul>	Progressing	<p>icare is to advise progress of negotiation of new deed with EML and inclusion of RTW incentives.</p> <p>SIRA to continue to monitor and publish RTW results as part of insurer supervision model.</p> <p>SIRA has requested copies of Authorised Provider deeds advised to have been executed with GIO and QBE.</p>
7. Authorised Provider Model	<ul style="list-style-type: none"> <li>Noting the announcement of the extended Authorised Provider Model will increase choice of claims management service for large employers, it is recommended icare also enhance the NI operating model to provide small business employers with greater choice of claim management service provider. Options would be developed by icare in consultation with SIRA.</li> </ul>	Progressing	<p>icare is to continue to provide updates on progress to JCAC.</p> <p>SIRA to provide advice and assistance as required.</p>
8. SIRA Tripartite Reference Groups	<ul style="list-style-type: none"> <li>SIRA will invite icare to attend SIRA Tripartite Reference Group meetings at least once per quarter to outline progress on actions arising from the Review and on the performance of the NI. It is recommended the icare CEO attend whenever possible to engage with peak business organisations and unions.</li> </ul>	Completed	
9. Independent review of culture, Governance and accountability	<ul style="list-style-type: none"> <li>SIRA recommends icare commission an independent review into the culture, governance and accountability in the icare team and agents managing the NI</li> </ul>	Progressing	icare is to continue internal discussions and provide SIRA an update on timeline for completion.

SIRA regulatory actions related to the NI	•		
10. Quarterly Compliance and Performance Audit	<ul style="list-style-type: none"> <li>During 2020, SIRA will conduct and publish a quarterly compliance and performance audit of claims management by the NI, under Division 4 of the Workers Compensation Act 1987, including file reviews utilising an enhanced methodology. Audit reports will be provided to the SIRA and icare boards.</li> <li>The first audit has commenced in February 2020 and is being undertaken by EY in accordance with Terms of Reference to be finalised by January 2020.</li> </ul>	Progressing	<p>Copy of draft Q1 Report provided to icare 25 June, for comment back to SIRA by 3 July.</p> <p>Final version of Q1 Report to be prepared for publication on SIRA website by 17 July.</p> <p>Q2 Review Plan sent to icare on 7 July.</p>
11. Independent Audit of NI's medical services	<ul style="list-style-type: none"> <li>Noting that the NI has experienced a higher rate of increase in utilisation of medical services than other providers, without improvement in return to work outcomes, under Division 4 of the Workers Compensation Act 1987, SIRA will commission an independent audit of the NI's approval and payments process for medical and related treatment expenses to monitor compliance with regulatory requirements.</li> <li>This audit will commence in the April quarter of 2020.</li> </ul>	On hold currently due to COVID-19 pandemic.	<p>SIRA commissioned Ernst and Young to undertake the leakage review as part of its analysis of the reasons for rising health care costs.</p> <p>The project examined potential leakage arising from 10 hypotheses jointly developed by SIRA and Ernst and Young in response to the commonly observed categories of leakage observed in the Australian health care system.</p> <p>The outcomes of Synapse Medical's analysis of insurer medical payments and the Ernst and Young project focussed on leakage will be instructive in informing the audit of medical payments process that is part of the NI 21-point action plan.</p> <p>SIRA conducted three information</p>

			sessions on 10,11 and 12 June to present an overview of Synapse Medical's analysis to insurers.
12. SIRA advice to Government on prudential supervision	<ul style="list-style-type: none"> <li>SIRA will provide advice to Government on prudential supervision options for the NI. SIRA will continue its monitoring focus on capital adequacy. SIRA will continue to work with NSW Treasury in line with the NSW Treasury/SIRA Memorandum of Understanding.</li> </ul>	Progressing	SIRA is continuing to develop prudential supervision options of the NI to present to Government.
13. SIRA and icare board engagement	<ul style="list-style-type: none"> <li>SIRA will engage constructively with the icare board and senior executives on the NI management and improvement plans; SIRA will retain its independent approach on compliance and enforcement matters</li> </ul>	Completed	SIRA continue to engage constructively and professionally with the icare board and senior executives to develop improvement plans for the NI.
14. SIRA will provide advice to Government on legislative policy matters as required.	<ul style="list-style-type: none"> <li>SIRA is currently developing advice on impacts of COVID-19 pandemic and developing advice for Government on policy matters</li> </ul>	Progressing	SIRA is continuing to advise government on legislative policy matters, priority is currently focused on the impact of COVID-19 pandemic.
<b>SIRA regulator commitments</b>	<ul style="list-style-type: none"> <li></li> </ul>		
15. SIRA to review performance indicators and compliance benchmarks	<ul style="list-style-type: none"> <li>SIRA will review definitions and strengthen key performance indicators and compliance benchmarks for workers compensation insurer performance over 2020 and will publish the results at least quarterly. SIRA will consult widely on the development of the indicators and benchmarks</li> </ul>	On hold due to COVID-19 pandemic.	<p>SIRA's is continuing to work towards onboarding the NI and TMF portfolios onto the Insurer Accountability Portal. The timing of the required activities and readiness of the NI and TMF to be onboarded is being considered given the current environment.</p> <p>Insurer Supervision have developed a range of measures and metrics to inform monitoring and supervision, as well as refinement of existing</p>



			<p>metrics. Insurer Performance is reviewing these metrics and Implementation is proposed for Q3 2020.</p> <p>Work has commenced on reviewing existing metrics and monitoring of icare. First insurer performance workshop scheduled for 9 June 2020.</p>
<b>16. RTW measurement framework</b>	<ul style="list-style-type: none"> <li>As a priority, SIRA will lead consultation on measurement of return to work outcomes for injured people and is working with Safe Work Australia on its national RTW measurement framework</li> </ul>	<b>Progressing</b>	<p>A brief summary report of key themes from the submissions and roundtable consultation will soon be published. SIRA will also continue to lead a working group to help inform a suite of RTW metrics. Concurrently SIRA will shift its focus to its next priority phase of consultation, regarding RTW practice.</p>
<b>17. Medical partnerships</b>	<ul style="list-style-type: none"> <li>SIRA will partner with professional medical colleges to increase awareness of the Health Benefits of Good Work initiative amongst GPs and other health providers</li> </ul>	<b>Progressing</b>	<p>Health Benefits of Good Work key messages including in training packages developed for physiotherapists and psychologists re certification of capacity.</p> <p>SIRA to continue engagement with medical/allied health associations and colleges linking in with COVID-19 and medical costs consultations.</p>
<b>18. Reviewing health costs</b>	<ul style="list-style-type: none"> <li>SIRA is currently undertaking a review of health care arrangements for the workers compensation and CTP schemes in response to rising health care costs. Over 2020, this review will result in improved regulatory and fee setting approaches to</li> </ul>	<b>Progressing</b>	<p>SIRA is developing a health outcomes framework which will include improved reporting on health care costs and outcomes to better understand drivers</p>

	<p>ensure injured people have access to the right healthcare at the right time for optimal recovery and return to work, and so the schemes provide value-based healthcare</p>		<p>and trends. A draft has been completed and will be the subject of consultation prior to finalisation.</p> <p>SIRA will commence publishing a quarterly dashboard report on health care costs and outcomes in the Workers Compensation and CTP schemes in July 2020. The metrics for this report will be developed as part of the health outcomes framework above.</p> <p>Researching of options for fee reform has commenced. Consultation is planned for coming months on a package of changes to fees orders to be commenced on 1 Jan 2021.</p> <p>SIRA conducted three information sessions on 10,11 and 12 June to present an overview of Synapse Medical analysis to insurers.</p>
19. Customer survey	<ul style="list-style-type: none"> <li>SIRA will conduct a rolling survey to measure the customer experience of injured people and policy holders across workers compensation and CTP. The first survey will commence by March 2020 and will be published by June 2020.</li> </ul>	Progressing	Fieldwork is continuing. The report is expected to be available at the end of August 2020.
Agreed joint SIRA/icare actions	<ul style="list-style-type: none"> <li></li> </ul>		
20. Half-yearly board meetings	<ul style="list-style-type: none"> <li>SIRA and icare boards will meet half-yearly. The SIRA Chief Executive and icare CEO will meet monthly with a more detailed quarterly review meeting in line with quarterly audit processes.</li> </ul>	Completed	

21. Monitoring (JPPOC and JCAC)	<ul style="list-style-type: none"> <li>SIRA and icare will continue, until at least December 2020, the current level of escalated monitoring and communication provided by the SIRA/icare NI Joint Premium and Prudential Oversight Committee (JPPOC) and Joint Claims Assurance Committee (JCAC).</li> </ul>	Completed	<p>Joint Premium and Prudential Oversight Committee (JPPOC)</p> <p>Joint Claims Assurance Committee (JCAC) to provide governance and oversight over action plan progress.</p>
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## Scheme performance: Effectiveness

A focus of the workers compensation scheme is to support injured customers of the scheme to recover and continue to work, or to provide services to support a timely return to employment and recovery. The effectiveness of the system to deliver supports for injured workers to assist them to recover and return to work is an important aspect of scheme performance.

### Recovery and absences from work following an injury / illness

SIRA works with customers, insurers, stakeholders and partners to improve the quality of the data it receives about the scheme performance including customers post injury employment and recovery. SIRA uses a number of measures to assess the effectiveness of returning customers of the scheme back to their jobs and to recovery, and keeping workers gainfully employed including:

**The stayed-at-work rate** shows the percentage of workers who made a claim and remained working following a work-related injury/disease.

**The RTW (work status code) rate** reports the percentage of workers who were off work in the 12-month period (2018/19) because of their work-related injury/disease and have returned to work at different points in time from the date the claim was reported.

**Self-reported returned to work rates** is the proportion of injured or ill workers who had reported during a survey that they had returned to work for any period of time at some stage since their first day off work.

**Self-reported current returned to work rates** is the proportion of injured or ill workers who were working at the time the SIRA survey was undertaken.

**Weekly benefits cessation** uses the cessation of weekly benefits payments as a proxy measure for when the worker stopped being paid weekly benefits and presumably returned to work.

**Number and cost of workers on weekly benefits** is a measure of how many workers (and the associated cost) who were on weekly benefits whilst absent from work or whilst undertaking a suitable duties program.

**Maintaining a significant RTW** – this identifies the sustainability of the workers' RTW.

**Customer and community attitudes to RTW** – offers independent research on customer and community attitudes to returning to work and recovery at work.

## **Return to work (work status code) rate**

The RTW (work status code) rate reports the percentage of workers who have been off work for 1 day or more and have returned to work after 4, 13, 26 or 52 weeks from the date the claim was reported to the insurer. This section also provides information about the proportion of workers who returned to work at their pre-injury capacity or returned to work with modified duties or hours.

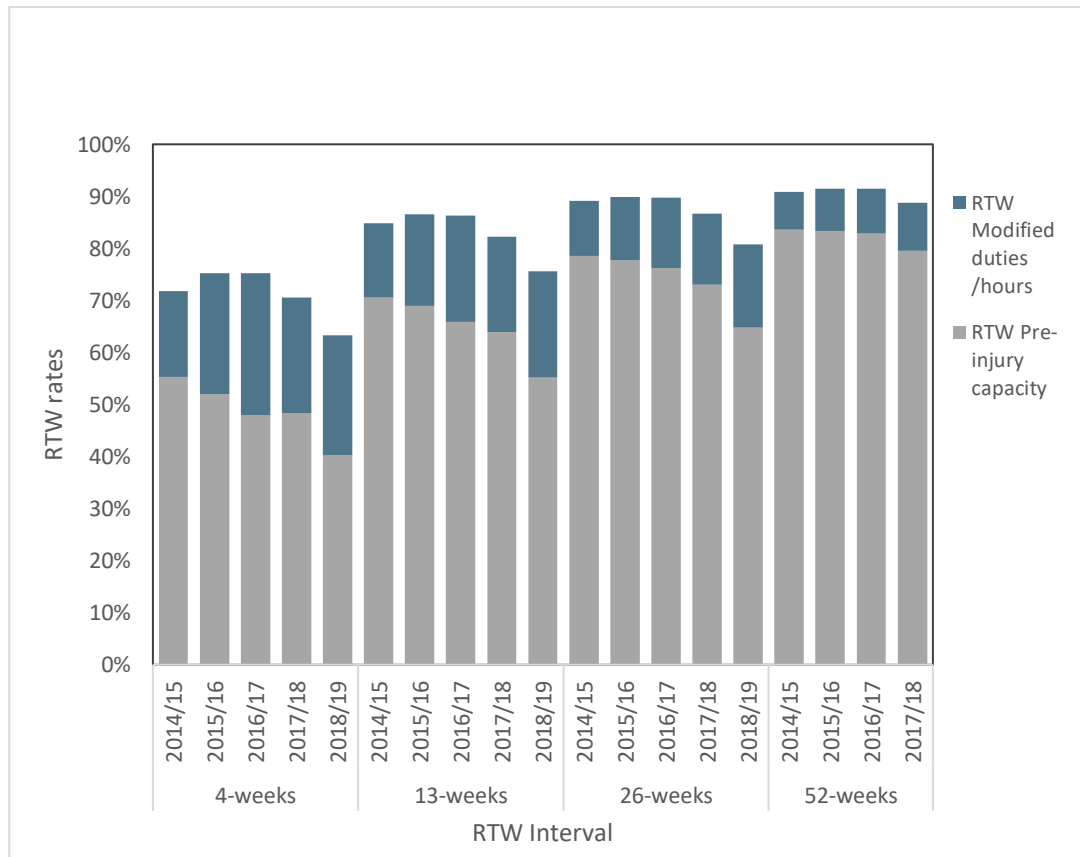
Overall, there has been a decline in RTW (work status code) rates for all years and at all time intervals between 2014/15 and 2018/19. Using the work status methodology, the RTW rate (work status code) results indicate a declining trend across the scheme at all time points (4, 13 and 26 weeks) for all 4 years. Contributing to the decline of the RTW (work status codes) rates was incomplete and inaccurate data quality however, further analysis has revealed a deterioration in other related aspects of the system performance, leading to the conclusion that there has been a significant deterioration in the RTW (work status code) rate. The analysis of the other related areas included the following.

- There are higher numbers of customers off work and receiving weekly payments.
- The cost of weekly payments and the number of customers on weekly benefits has increased and continues to increase reflecting the occurrence of more weekly benefits being paid where customers are off work and being paid weekly benefits across longer durations than in previous years.
- The average number of days customers are paid weekly benefits is increasing.
- A marked increase in the number of active claims also indicates that this trend may be prevalent for some time

There has been an increase between 2017/18 and 2018/19 in the proportion of injured workers returning to work with modified duties and/or hours. In the same time period, the proportion of workers returning to work at their pre-injury capacity has decreased by about 8 percentage points at each of the 4, 13, 26 and week periods.

Between 2017/18 and 2018/19, the proportion of injured workers returning to modified duties has increased marginally.

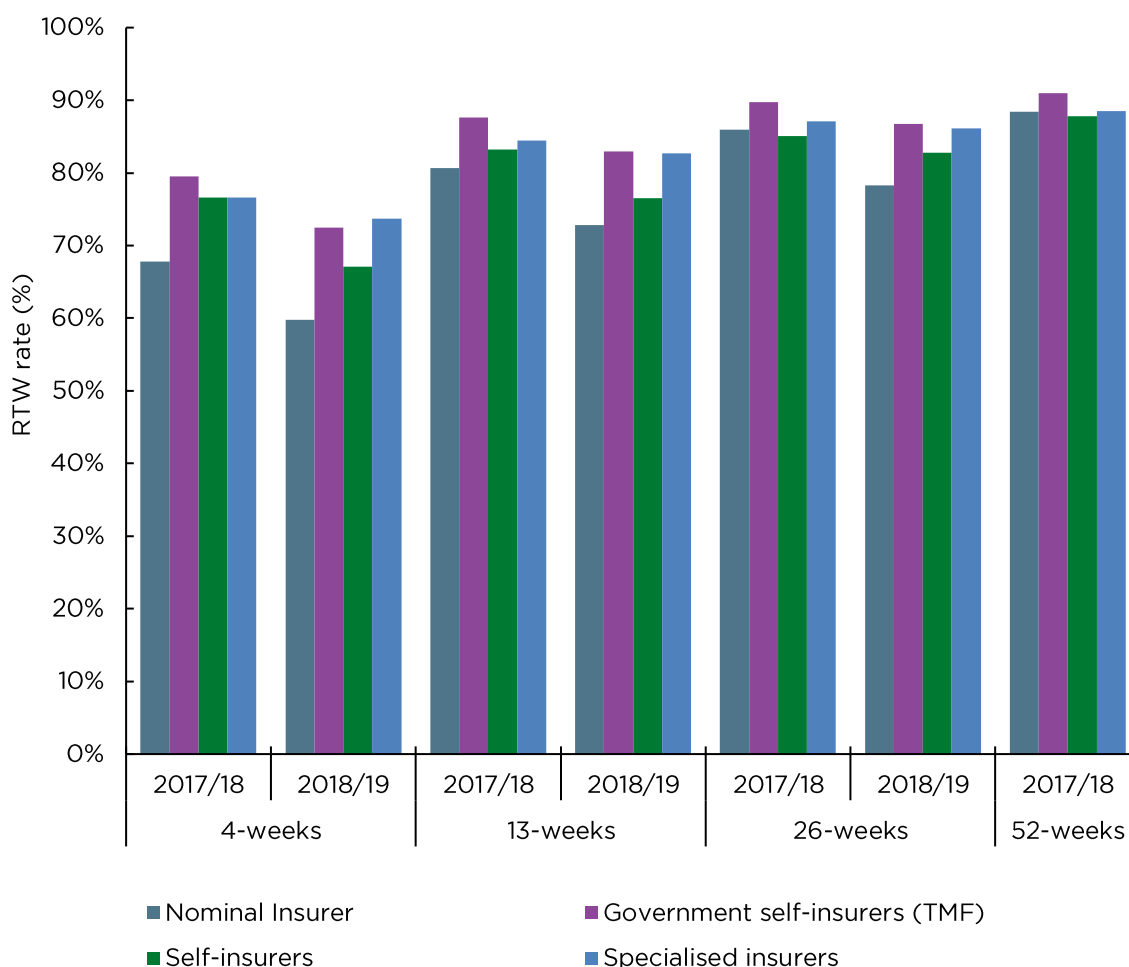
Figure 7 RTW rate (work status)



## RTW rate (work status) measure by insurer type

For 2018/19, Government self-insurers (TMF) achieved the highest RTW rates of all insurer types at 4, 13 and 26 weeks. These performance rates are slightly higher than those for the specialised insurers and RTW rates for the NI were the lowest across the insurer types. See more information about SIRA's regulatory response [here](#).

Figure 8 RTW rate (work status) measure by insurer segment



## Self-reported returned to work rates

SIRA engaged the Social Research Centre to undertake an abridged version of the Safe Work Australia (SWA) biennial National Return to work Survey (NRTWS). The survey was conducted in 2019 to provide key return to work outcomes in a year when the NRTWS was not conducted. The survey included two key return to work measures (i.e. the Returned to work rate and Current return to work rate).

The returned to work rate is the proportion of injured or ill workers who had returned to work for any period of time at some stage since their first day off work. It is based on the NRTWS question “Have you returned to work at any time since your work-related injury or illness?” and reports the proportion of injured or ill workers who answer ‘yes’.

In 2019, 84 percent of injured or ill workers of the Nominal Insurer, 92 percent of the TMF, and 89 percent of injured or ill workers of self-insurers and specialised insurers (SSI) had returned to work at some time since their work-related injury or illness.

The returned to work rate, among Nominal Insurer claims remained stable between 2014 and 2016 (96 percent) and declined thereafter. Among the Government Self-insurers (TMF) and Self and Specialised insurers (SSI), however, the returned to work rate increased marginally between 2014 (94 percent) and 2016 (96 percent) and

continued to increase in 2018 among SSI (100 percent), but decreased slightly for the Government Self-insurers (TMF) (95 percent). In 2019, the Government self-insurers (TMF) decreased a further 6 percentage points (89 percent) and SSI decreased a significant 8 percentage points (92 percent).

Figure 9 Self-reported returned to work rate by insurer type



In 2019, across the scheme the self-reported current RTW performance was significantly lower than the previous surveys of 2018, 2016 and 2014.

Source: Safe Work Australia (SWA) National Return to Work Survey (2014, 2016, 2018). Abridged Return to Work Outcomes survey (2019).

Source: Safe Work Australia (SWA) National Return to Work Survey (2014, 2016, 2018). Abridged Return to Work Outcomes survey (2019).

RTW1. Have you returned to work at any time since your work-related injury or illness?

Base: Nominal Insurer: 2014 (n=626), 2016 (n=628), 2018 (n=607), 2019 (n=613). SSI: 2018 (n=39), 2019 (n=86). TMF: 2018 (n=97), 2019 (n=214). TMF / SSI: 2014 (n=100), 2016 (n=95).

Notes:

1. Don't know' and 'Refused' responses are NOT excluded.
2. 2018 data includes claims submitted in 16-month period (September 2016 to December 2017).
3. 2016 data includes claims submitted in 16-month period (September 2014 to December 2015).
4. 2014 data includes claims submitted in 16-month period (September 2012 to December 2013).
5. Due to small sample sizes, the TMF and SSI have been combined for 2016 and 2014.
6. Asterisks (\*) indicate statistically significant difference from the previous year (p-value <=0.05).

## Self-reported returned to work rate by insurer type and injury type

Injured or ill workers with a claim for mental illness reported a significantly lower return to work rate (as shown below). Although just over half (52 percent) of the claimants in the Nominal Insurer had returned to work at any time since their work-related injury or illness, this rate was higher for the TMF and SSI groups at almost seven in ten (68 percent).

The returned to work rate showed an inverse relationship to the number of days compensated – over 90 percent of injured or ill workers who received 19 or fewer days of compensation had returned to work, whereas less than half (42 percent) of those with 130 or more days compensated had returned. Likewise, injured or ill workers from

large employers reported the highest returned to work rate, while those from small employers reported the lowest.

Figure 10 Self-reported returned to work rate by insurer type and injury type

	2019		+2018	
Insurer type	Nominal Insurer (%)	TMF and SSI (%)	Nominal Insurer (%)	TMF and SSI (%)
Fractures	89	94 <sup>^</sup>	92	100 <sup>^</sup>
Musculoskeletal Disorders	87 <sup>*</sup>	94 <sup>*</sup>	94	99
Other Trauma	85 <sup>*</sup>	97	95	90 <sup>^</sup>
Mental Illness	52	68	70	74 <sup>^</sup>
Other Diseases	79 <sup>^</sup>	78 <sup>^</sup>	89 <sup>^</sup>	100 <sup>^</sup>
<b>Number of days compensated</b>				
1 to 9 days	93	97	97	100
10 to 19 days	96	92	98	100 <sup>^</sup>
20 to 64 days	85 <sup>*</sup>	94	95	98
65 to 129 days	78	69	76	93 <sup>^</sup>
130 or more days	42	53 <sup>^</sup>	57 <sup>^</sup>	31 <sup>^</sup>
<b>Employer size (based on total remuneration)</b>				
Small (Less than \$1 million)	81	-	87	-
Medium (Between \$1 million and less than \$20 million)	84 <sup>*</sup>	-	94	-
Large (\$20 million or more)	88 <sup>*</sup>	-	100	-
<b>Claim Duration</b>				

Injured workers with a psychological claim reported a lower RTW rate than other cohorts

Just over half of the NI claimants had RTW at any time since their injury. The rates for TMF, specialised and self-insurers was higher at almost 70%



< 180 days	69^	94^	93^	100^
181-270 days	85	87*	93	100
271-365 days	84*	83	96	92^
366-730 days	85	93	92	96
731 days or more	-	-	-	-

Source: National Return to Work Survey (2018). Abridged Return to Work Outcomes survey (2019).

RTW1. Have you returned to work at any time since your work-related injury or illness?

Base: Nominal Insurer: 2018 (n=607), 2019 (n=613) and TMF / SSI: 2018 (n=123), 2019 (n=300). Fractures (n=201), Musculoskeletal Disorders (n=850), Other Trauma (n=394), Mental Illness (n=140), Other Diseases (n=71). 1 to 9 days (n=432), 10 to 19 days (n=338), 20 to 64 days (n=484), 65 to 129 days (n=273), 130 or more days (n=129). Small (n=449), Medium (n=482), Large (n=288). <180 days (n=71), 181 to 270 days (n=610), 271 to 365 days (n=358), 366 to 730 days (n=617).

Notes: ^Caution – low sample size (<30). Employer remuneration data not available for the TMF and SSI.

Asterisks (\*) indicate statistically significant difference from the previous year (p-value <=0.05).

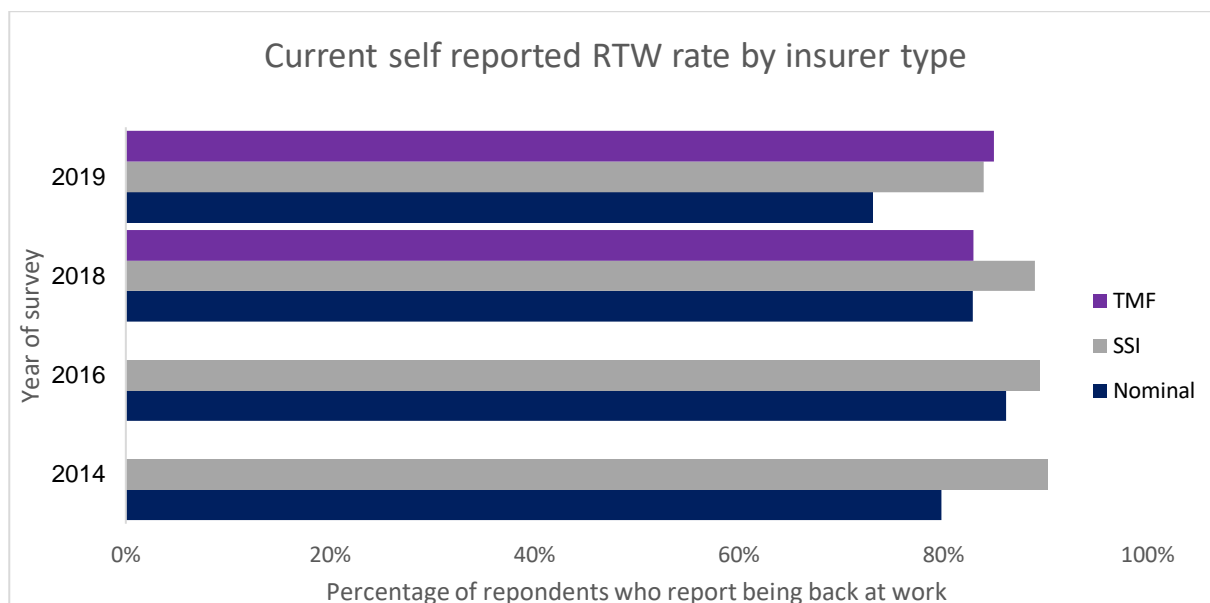
## Self-reported current return to work rate

The self-reported current return to work rate is the proportion of injured or ill workers who were working at the time of survey. This measure is based on the NRTWS questions 'Are you currently working in a paid job?' and question 'Have you returned to work at any time since your work-related injury or illness?'. It reports the proportion of injured or ill workers who state 'yes' to both.

In 2019, 73 percent of injured or ill workers of the Nominal Insurer responded that they were currently working in a paid job at the time of the survey, significantly lower than 85 percent and 84 percent of the TMF and SSI insurer groups respectively

The current return to work rate peaked in 2016 for the Nominal Insurer (86 percent) and 2014 for the TMF and SSI (90 percent). While the Current return to work rate significantly decreased 11 percentage points between 2018 (84 percent) and 2019 (73 percent) for injured or ill workers of the Nominal Insurer, it remained relatively consistent for those of the TMF and SSI (85 percent and 84 percent respectively).

Figure 11 Current self-reported return to work rate by Insurer Type



Source: National Return to Work Survey (2014, 2016, 2018). Abridged Return to Work Outcomes survey (2019).

RTW1. Have you returned to work at any time since your work-related injury or illness?

RTW2. Are you currently working in a paid job?

Base: Nominal Insurer: 2014 (n=626), 2016 (n=628), 2018 (n=607), 2019 (n=613). SSI: 2018 (n=39), 2019 (n=86). TMF: 2018 (n=97), 2019 (n=214). TMF / SSI: 2014 (n=100), 2016 (n=95).

'Don't know' and 'Refused' responses are NOT excluded.

Notes: 2018 data includes claims submitted in 16-month period (September 2016 to December 2017).

2016 data includes claims submitted in 16-month period (September 2014 to December 2015).

2014 data includes claims submitted in 16-month period (September 2012 to December 2013).

Due to small sample sizes, the TMF and SSI have been combined for 2016 and 2014.

Asterisks (\*) indicate statistically significant difference from the previous year (p-value <=0.05).

## Self-reported current return to work rate by injury type

The current return to work rate is at a similar level among all injury type sub-groups, except those who had a claim for mental illness (As shown in figure 11 below). This group reported a significantly lower current return to work rate – under half (43 percent) of these injured or ill workers of the Nominal Insurer had returned to work and were currently working at the time of the 2019 survey (it should be noted that this proportion is based on a small sample size). In contrast, claimants of the TMF and SSI with a claim for mental illness recorded a 61 percent current return to work rate.

As might be expected, the current return to work rate showed an inverse relationship with the number of days compensated – the reported rate was highest for those with the lowest number of days compensated, and lowest for those with the highest number of days compensated.

Figure 12 Self-reported current return to work rate by insurer type and Injury type

	2019		2018	
Insurer types	Nominal Insurer (%)	TMF and SSI (%)	Nominal Insurer (%)	TMF and SSI (%)
Fractures	76	94^	89	88^
Musculoskeletal Disorders	75	88	82	84
Other Trauma	75	94	87	85^
Mental Illness	43	61	57	67^
Other Diseases	79^	78^	88^	100^
<b>Number of days compensated</b>				
1 to 9 days	85	96	89	86
10 to 19 days	83	84	90	100^
20 to 64 days	76	86	85	81
65 to 129 days	64	66	59	85^
130 or more days	26	35^	53^	11^
<b>Employer size (based on total remuneration)</b>				
Small (Less than \$1 million)	67*	-	84	-
Medium (Between \$1 million and less than \$20 million)	77	-	78	-
Large (\$20 million or more)	74*	-	91	-
<b>Claim Duration</b>				
< 180 days	62^	94^	93^	89^
181-270 days	69	82	79	83
271-365 days	75	81	83	82^
366-730 days	76	87	84	86
731 days or more	-	-	-	-

Source: National Return to Work Survey (2018). Abridged Return to Work Outcomes survey (2019).

RTW1. Have you returned to work at any time since your work-related injury or illness?

RTW2. Are you currently working in a paid job?

Base: Nominal Insurer: 2018 (n=607), 2019 (n=613) and TMF / SSI: 2018 (n=136), 2019 (n=300).

Fractures (n=201), Musculoskeletal Disorders (n=850), Other Trauma (n=394), Mental Illness (n=140), Other Diseases (n=71). 1 to 9 days (n=432), 10 to 19 days (n=338), 20 to 64 days (n=484), 65 to 129 days (n=273), 130 or more days (n=129). Small (n=449), Medium (n=482), Large (n=288). <180 days (n=71), 181 to 270 days (n=610), 271 to 365 days (n=358), 366 to 730 days (n=617).

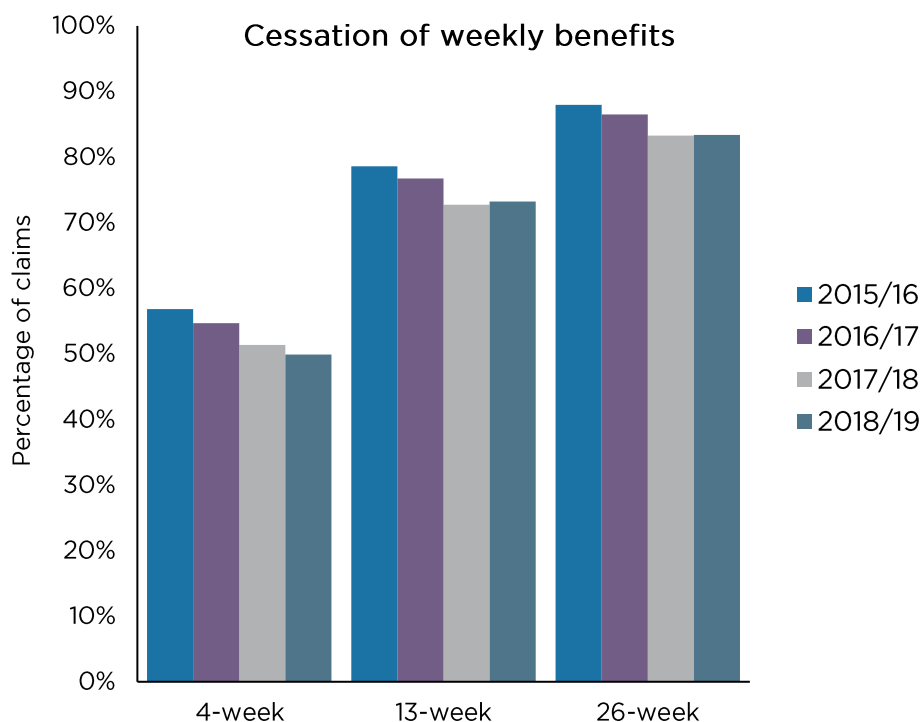
Notes: ^Caution – low sample size (<30). Employer remuneration data not available for the TMF and SSI.

Asterisks (\*) indicate statistically significant difference from the previous year (p-value <=0.05).

## Weekly benefits cessation measure

This measure is designed to identify the date weekly benefits stopped being paid. It assumes that when weekly benefits cease the worker was back at work. Whilst there are some processing and data development delays with monitoring the number of workers who are back at work in this manner, it is clear from the data that there are higher rates of workers remaining on weekly benefits during 2018/19 across the scheme at the 4 week interval compared with the previous 3 year periods. The 13 and 26 week interval showed stable results to the previous years. This confirms a deterioration of the rates of workers returning to work.

Figure 13 Cessation of weekly benefits



*This measure also shows deterioration in the scheme performance with nearly half the scheme customers off work at the 4-week time interval*

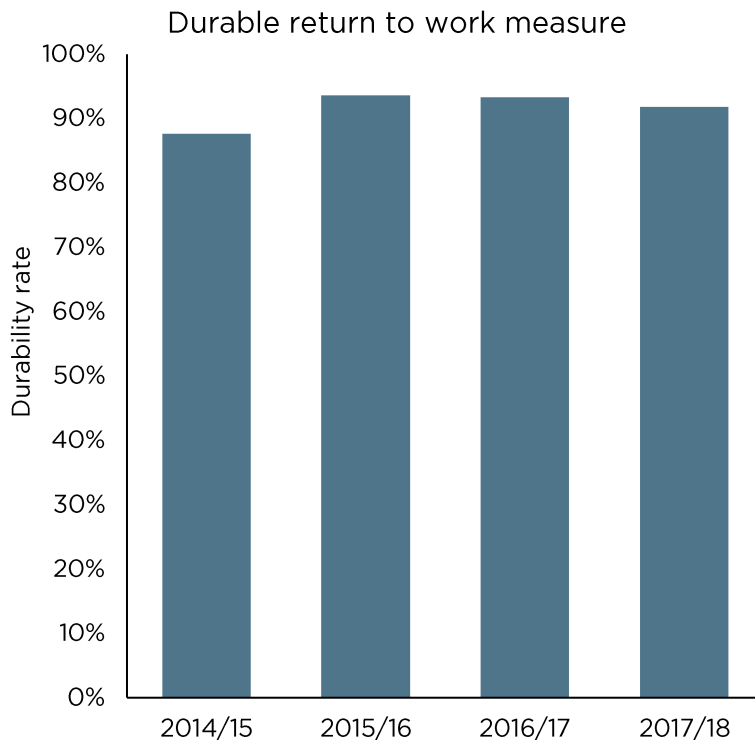
## Durable (3 months) return to work measure

The durable RTW measure shows the percentage of workers who returned to work in any capacity for at least three consecutive months following at least 1 day off work. This is measured 12 months after the claim was entered into the insurer's system i.e. the results in this report are for claims in 2017/18. This timeframe is required to enable the claims journey of the customers and the associated claims data to develop. Like RTW (work status code) this is a retrospective measure.

Results in the figure below show that whilst the durable RTW performance increased from 87.6 percent of claims in 2014/15 to 93.6 percent of claims in 2015/2016, from then

it declined to 93.3 percent in 2016/17 with further deterioration in to 91.8 percent of claims in 2017/18.

Figure 14 Durable (3 month) return to work measure



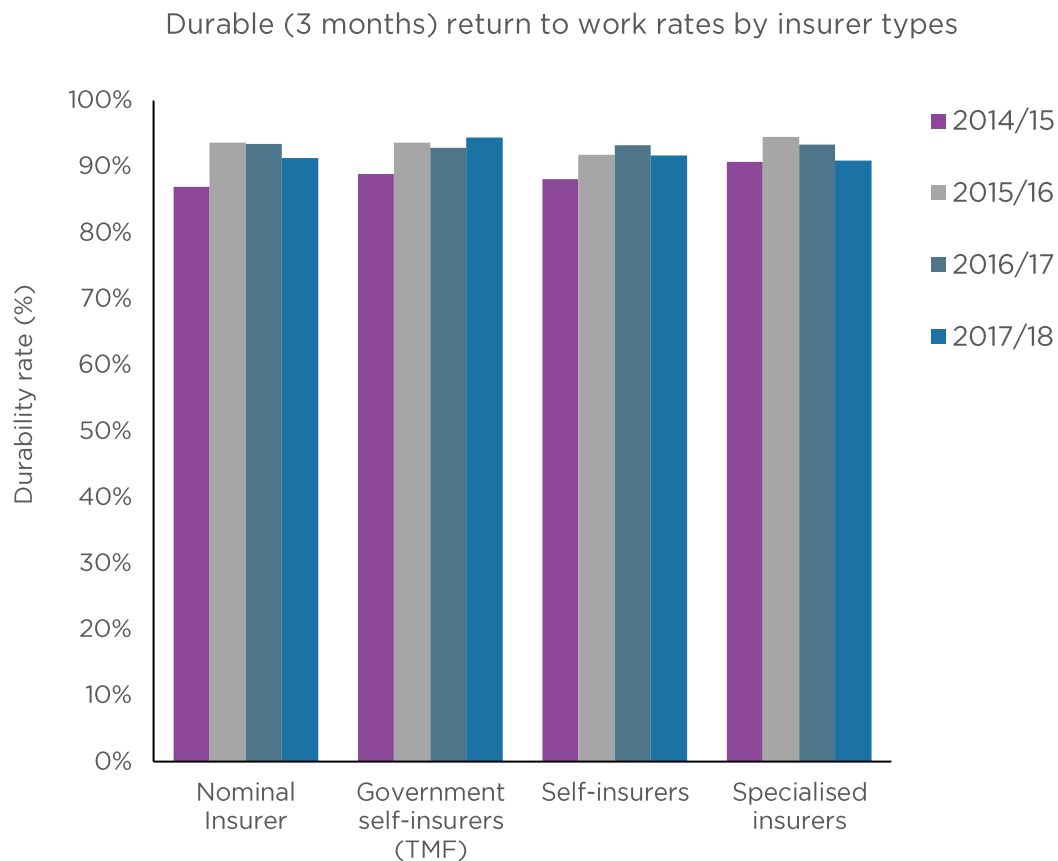
*Note this is a retrospective measure dependent upon mature and developed data hence the 2018/19 claims journey for customers and the associated claims data is not complete.*

*Note also that analysis has shown trends remain relatively unchanged when compared on the same development period basis.*

## Durable (3 months) RTW measure across insurer segments

Durability of the RTW rates across insurer types declined marginally from 2016/17 to 2017/18, except for the Government self-insurer (TMF) which showed an improvement since 2016/17.

Figure 15 Durable (3 months) RTW rates by insurers



*Note this is a retrospective measure dependent upon mature and developed data hence the 2018/19 claims journey for customers and the associated claims data is not complete*

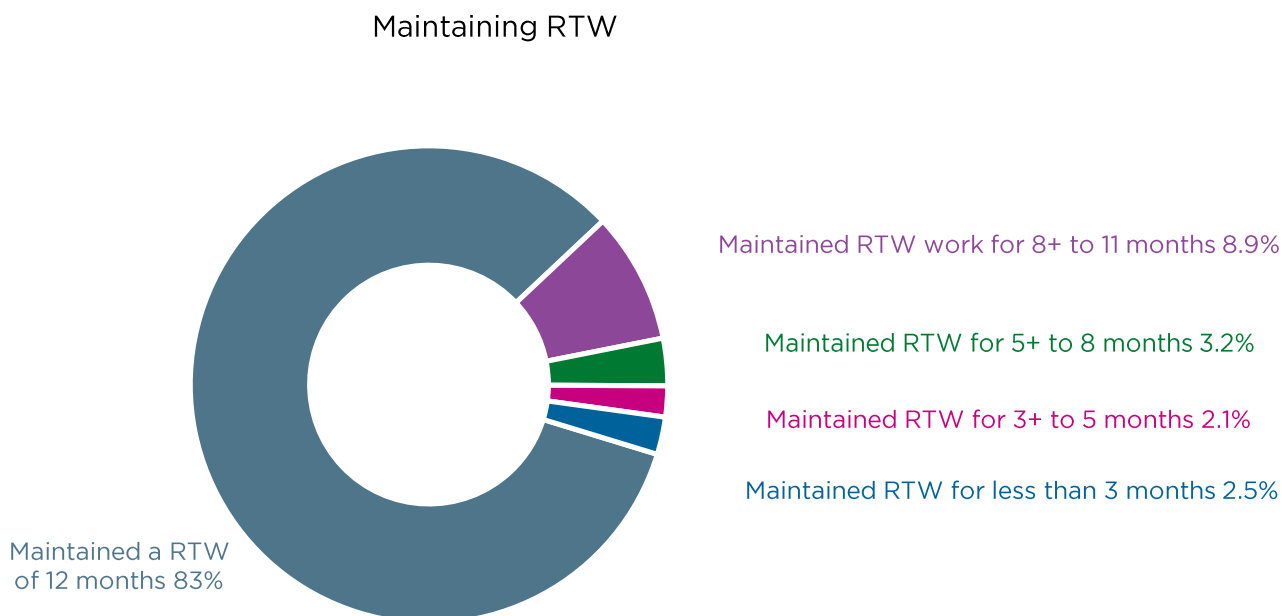
## Maintaining a RTW

This measure rates RTW as successful where the length of time workers maintained employment without an absence following their initial return to work is up to 12 months. This analysis requires a 12 months development period between the date the worker first returned to work and the date of this report. For this reason, this report analyses the 2017/18 period as the time of the workers first return to work.

The figure below shows that 83 percent of the cohort of injured workers reported as returning to work for the first time and maintaining their return to employment for at least 12 months for the 12 months ending June 2018. Compared with the 2016/17 result of 87 percent this result shows a decline in the success of the programs to maintain post injury employment.

Note the results of this measure may also be impacted by the data incompleteness and quality of the NI.

Figure 16 Maintaining significant RTW period



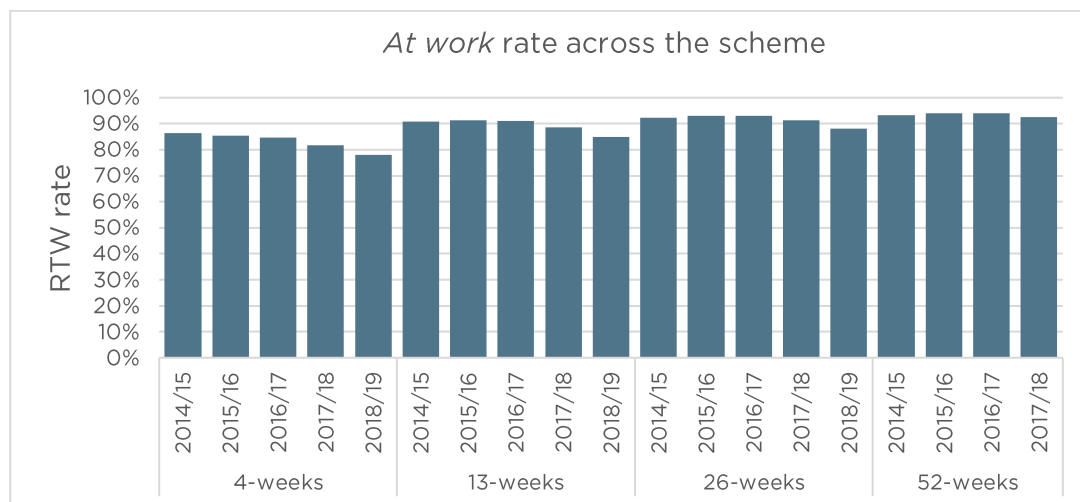
*Note this is a retrospective measure dependent upon mature and developed data hence the 2018/19 claims journey for customers and the associated claims data is not complete*

## Customers *at work* rate

The *at work* rate is the percentage of workers who are at work at 4, 13, 26 and 52 week intervals this includes those who stayed at work, medical only claims and those who returned to work following an injury / illness.

Despite the *at work* performance being generally high (above 90 percent), across the scheme, the *at work* rates declined in 2018/19 across all time durations compared with the previous 4 years.

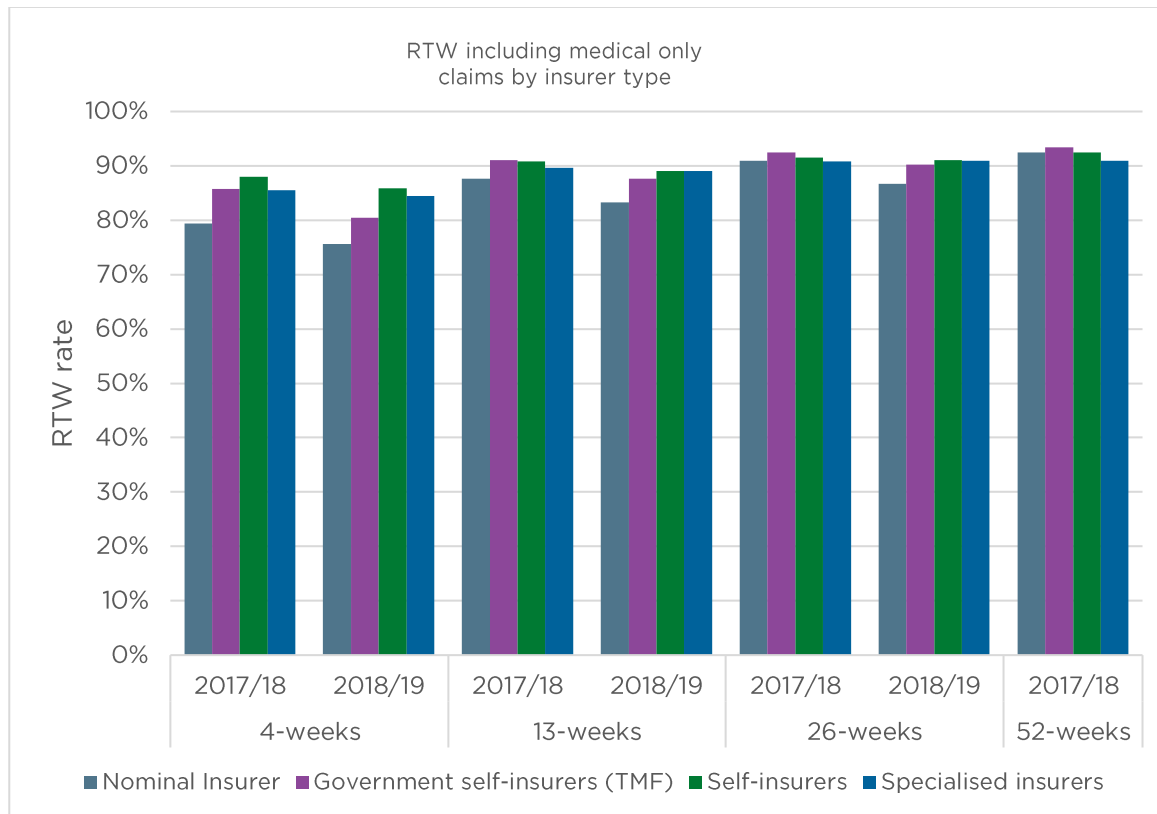
Figure 17 *At work* rate across the scheme



## At work claims across insurer segments

The figure below compares the *at work* RTW rates between the latest 2 financial years by insurer type in NSW where both the Nominal insurer and the Government self-insurer (TMF) show a slight decline in *at work* rates between 2017/18 and 2018/19 years whereas self and specialised insurers show little change over the 13- and 26-weeks rates

Figure 18 At work by insurers types



## Stayed at work rate

The stayed at work rate measures the percentage of workers who stayed at work after a work-related injury/disease and did not lose time. This is derived from claims where there was not a *date ceased work* recorded for the claim.

It is assumed that workers who stayed at work were able to do so either because their injury/disease did not reduce their capacity to work at their pre-injury employment, or that their employer was able to make accommodations for any reduction in their capacity to work enabling them to continue to work.

This measure shows the proportion of workers who met the following criterion:

- Made a claim within a 12-month period and,
- Stayed at work
  - on pre-injury hours or
  - at 'current' capacity (i.e. suitable work with no hours lost) or,
  - those who stayed at work on reduced hours with their current capacity
  - the claims where the costs were associated with medical and allied health treatments or

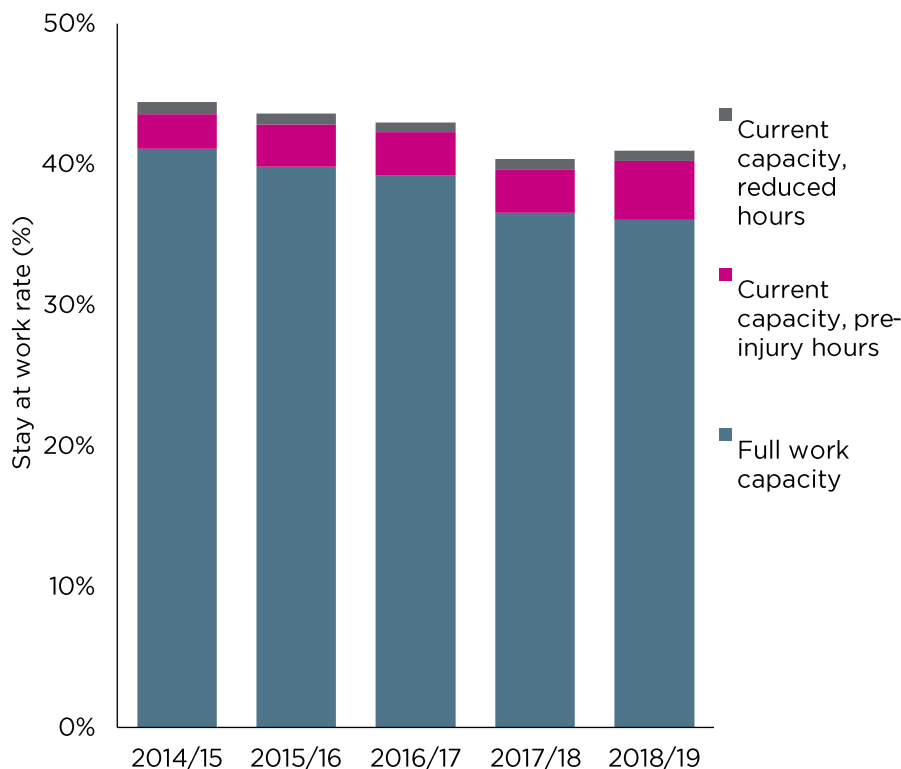


- o did not report any lost time

In 2014/15 the total combined stayed at work rate was 44 percent compared with 2018/19 where it decreased to 41 percent. Compared with last year (2017/18) however, there has been some minor improvements observed with increases from 40% to 41% in the percentage of workers who did not lose time. This improvement reflects decline in the full work capacity results and an increase in the current capacity pre-injury work hours from 3.1 percent to 4.2 percent

The figure below also shows that most workers who 'stayed at work' did so in their full pre-injury employment (36 percent) and a minority of these workers undertook suitable work at pre-injury hours with only a small proportion returning to work at reduced hours.

Figure 19 Stayed at work rates



*There is a slight increase in the number of workers who are staying at work following an injury/illness*

## Customer attitudes to the RTW aspects of the scheme

In November 2018, SIRA engaged an independent research organisation to repeat a worker, employer and community online survey to assess community attitudes to recovering at and returning to work. The initial baseline sample in 2017 comprised 1,500 NSW employers and their representatives, workers and community members. The second-round survey included 1,102 respondents.

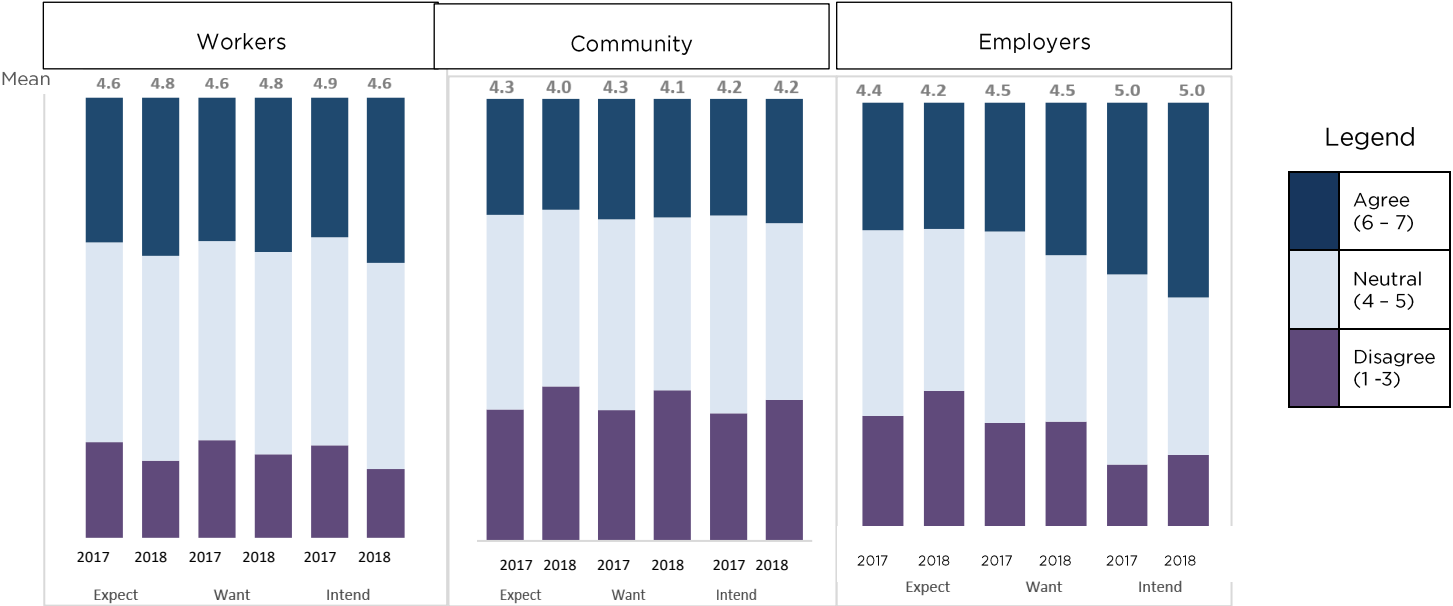
When asked about individual attitudes to returning to work, customers indicated on a 7-point scale their response in relation to *expecting*, *wanting* and *intending* to complete their recovery whilst back at work. Respondents offered an average (mean) score of 4.4 for *expecting* to complete part of their recovery whilst back at work, 4.5 for *wanting*

to complete part of their recovery whilst back and work and 4.8 for *intending* to complete part of their recovery whilst back at work Compared with the 2017 results, whilst not significant, overall agreement (6-7 scores) towards returning to work before fully recovering has seen some lift among workers.

Attitudes around intending to return to work before a full recovery remain stable amongst the community members, however expecting to return to work and wanting to return to work have declined.

Overall the results suggest that whilst there is some uncertainty about completing part of their recovery whilst at work, there has been some increase with workers and employers (although not significant) overall agreement about returning to work before fully recovering. The community members results were stable.

Figure 20 Customer attitudes to returning to work



Question – Q: Thinking generally about recovering from injuries or illnesses (including mental illnesses) that come about as a result of a person’s work... To what extent do you agree or disagree with the following statements?

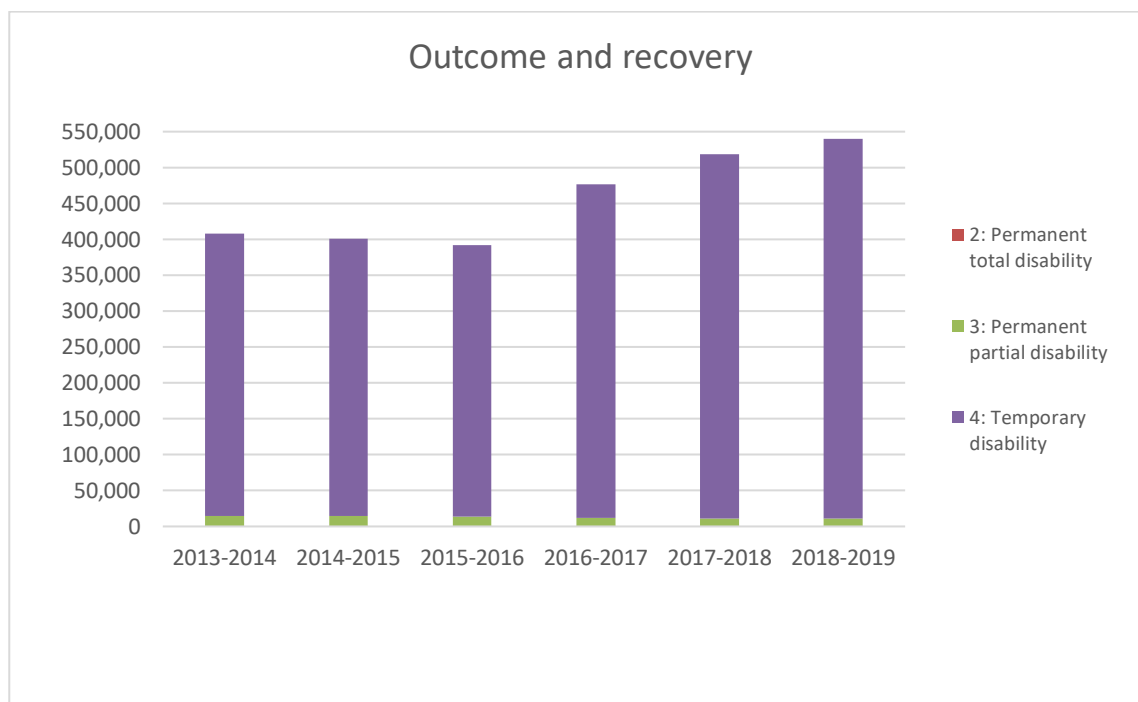
- I would expect to complete part of my recovery while I was back at work
- I would want to complete part of my recovery while I was back at work
- I would intend to complete part of my recovery while I was back at work

Source: SIRA 2018 RTW - Theory of Planned Behaviour  
N= 1,102 i.e. Workers 365 Community 235, Employers 502

## Outcome and recovery of customers

Of the 99,790 claims received within the scheme for the 2018/19 period, 96.6 percent of claims had a reported “temporary impairment” rating whilst 3.2 percent had a permanent partial incapacity with 0.01 percent having a permanent disability. Therefore, compared with previous years fewer customers had an outcome of a permanent total disability.

Figure 21 Outcome and recovery of customers of the scheme



Across the wider Australian community as reported by [Australian Bureau of Statistics](#) (ABS), reports that 17.7 percent of all Australians (4.4 million) almost 3.9 million people had a limitation with the core activities of communication, mobility or self-care and/or a schooling or employment restriction. In terms of the severity of the disability, of the Australian population:

- 3.2% had a profound limitation.
- 2.6% had a severe limitation.
- 2.4% had a moderate limitation.
- 6.1% had a mild limitation.
- 1.4% had a schooling or employment restriction only.

## Management of reported claims

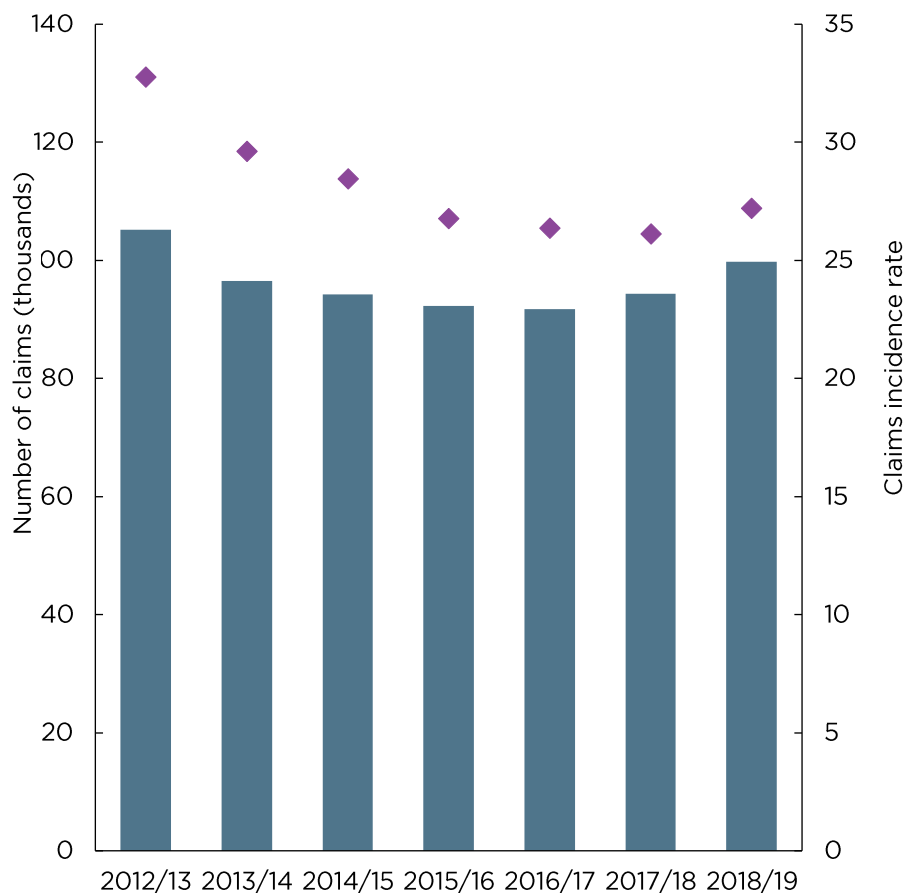
Another key effectiveness focus for system performance is the effective management of claims.

### Reported claims and incidence rates

99,790 claims were reported in 2018/19 and the claims incidence rate was 27.2 (as measured by the number of claims per 1,000 workers as projected by ABS). The number of claims and the claims incidence rates in 2018/19 increased from last year.

This year the increase in claim numbers represents a 6 percent increase on the previous year. The incident rate has declined since 2012/13 but an upward trend has been observed this year.

Figure 22 Number of reported claims and claims incidence rates

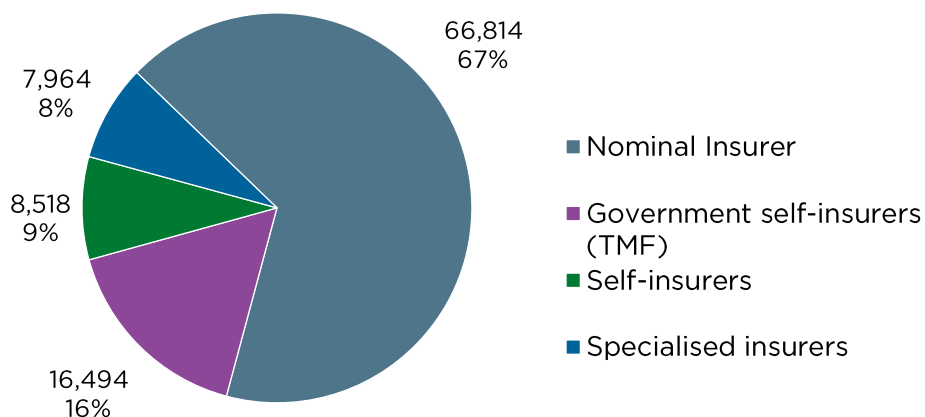


### Claim volumes by insurer segments

SIRA receives details of all workers compensation claims reported in NSW. There were 99,790 claims reported by 30 June 2019 for the 2018/19 year. The figure below shows the percentage of claims managed by each insurer segment in 2018/19.

The distribution of claims across the insurer segments was similar between 2018/19 and 2017/18.

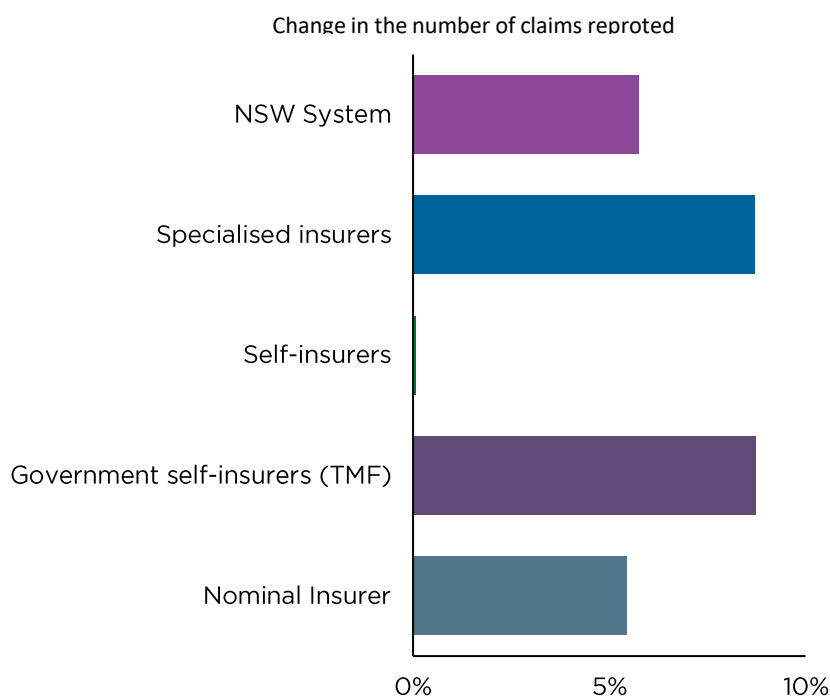
Figure 23 Number and proportion of claims by insurer segment



## Changes year on year in reported claims numbers by insurer segment

Across the insurer segments, the change in the number of claims reported in 2018/19 varied significantly compared with the previous year. There was a 6 percent increase in the number of claims reported across the system. Specialised insurers and Government self-insurers (TMF) reported the highest increases (9 percent), followed by the Nominal Insurer (5 percent). Self-insurers reported no change in the number of claims in comparison with the 2017/18 period.

Figure 24 Changes in the number of claims reported by insurer segment



## Reported psychological claims

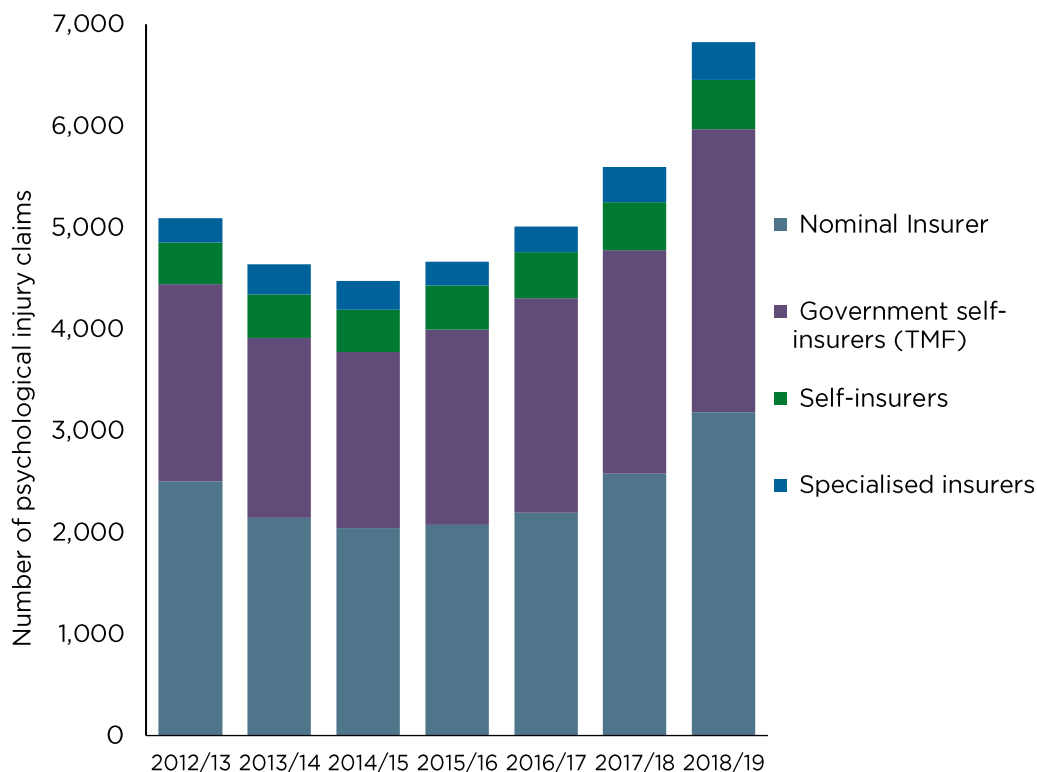
For the purposes of this report, psychological injury claims reported to SIRA are claims where the primary injury is psychological. For example, these conditions may include post-traumatic stress disorder, anxiety disorder, clinical depression, short-term shock from exposure to disturbing circumstances, reaction to stressors or other psychological injury. In this section all diseases that are not psychological injuries (defined in the system as mental diseases), are categorised as physical injuries. In next year's report SIRA will include in its analysis secondary psychological injuries.

The figure below shows that the number of psychological claims in NSW has increased steadily since 2014/15 with 6,826 claims being reported in 2018/19 an increase from 5,594 in 2017/18. Over 90 percent of the claims were with the Nominal Insurer and the government self-insurer (TMF) across the 4-year period.

SIRA has dedicated resources to look strategically at the prevention and management of psychological injury. We collaborate with key stakeholders to focus on improving recovery, management and return to work and are reviewing other jurisdictions compensation systems and initiatives to ensure a cohesive and best practice approach.

SIRA is also collaborating with key government agencies including icare, and SafeWork NSW to deliver the NSW Mentally Healthy Workplaces Strategy. The strategy is a \$55 million investment by the NSW Government that includes prevention and recovery programs. SIRA is actively involved in assisting to develop the recovery at work aspects of the strategy, as a project within our wider approach to the psychological injury strategy.

Figure 25 Number of psychological injury claims reported



## Workers compensation fatalities

Workers compensation fatalities are employment injuries and diseases resulting in the death of a worker. This category includes workers who died at work and workers who subsequently died of injuries or diseases received at work.

In 2018/19, there were 79 reported fatalities. The seven-year fatalities average to 2018/19 is 64 per annum so this result is higher than the average performance of the system.

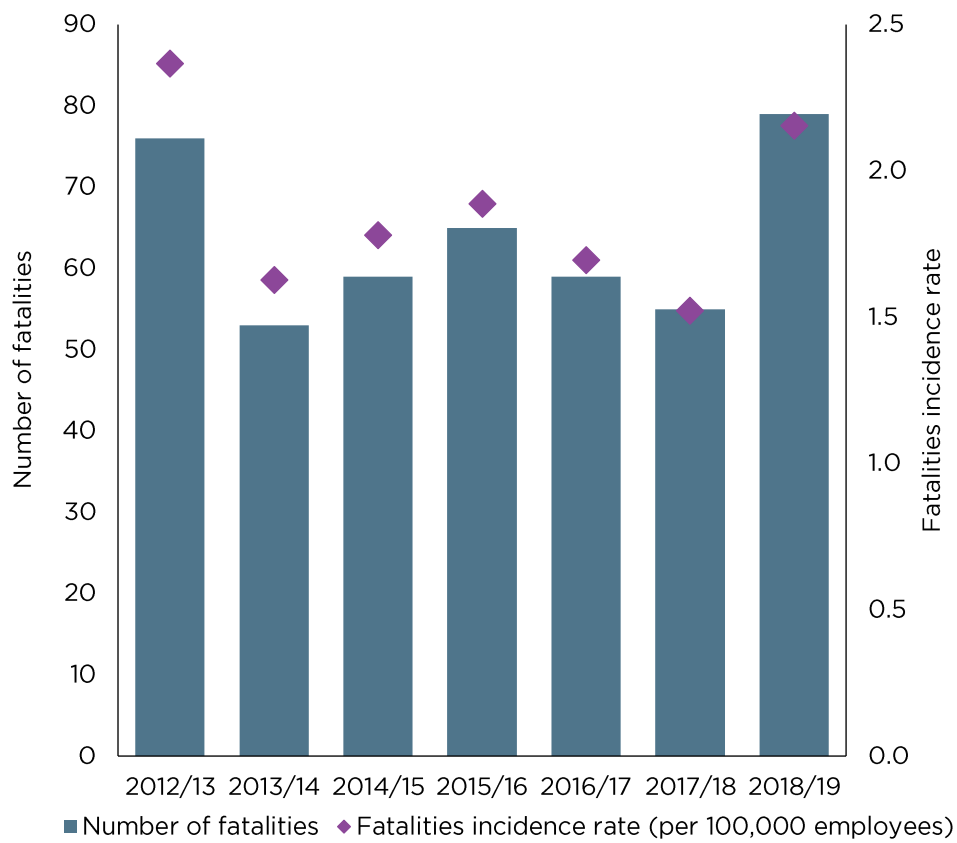
The reported fatalities do not include claims where a determination of liability had not yet been made. These include claims where the incident report referred to heart conditions and motor vehicle accidents that may not be covered by Workers Compensation. The reported numbers may change based on a final determination of liability.

The industries classified as Public Administration and Safety Industry (Division O in ANZSIC (2006) Rev. 2.0) reported the highest number of fatalities in 2018/19 and was the industry with the highest increase, from 5 fatalities in 2017/18 to 13 in 2018/19. Transport, Postal and Warehousing Industry (Division I) also recorded 13 fatalities in 2018/19, with a decline from 14 in 2017/18. The number of fatalities in the Construction Industry (Division E) was 12 in 2018/19 which is the same number of fatalities reported in 2017/18.

It is notable that the Health Care and Social Assistance Industry (Division Q) reported seven fatalities in 2018/19, a significant increase from the 1 fatality in 2017/18. Electricity, Gas, Water and Waste Services Industry (Division D) reported five fatalities in 2018/19, compared to only one fatality in 2017/18. In addition, two industries, Mining (Division B), and, Professional, Scientific and Technical Services (Division M) each reported 4 fatalities each compared to none reported in 2017/18.

Vehicle accidents were the most common cause of fatalities, followed by falls from a height in 2018/19.

[Figure 26 Workers compensation claims arising from fatalities and fatalities incidence rate](#)



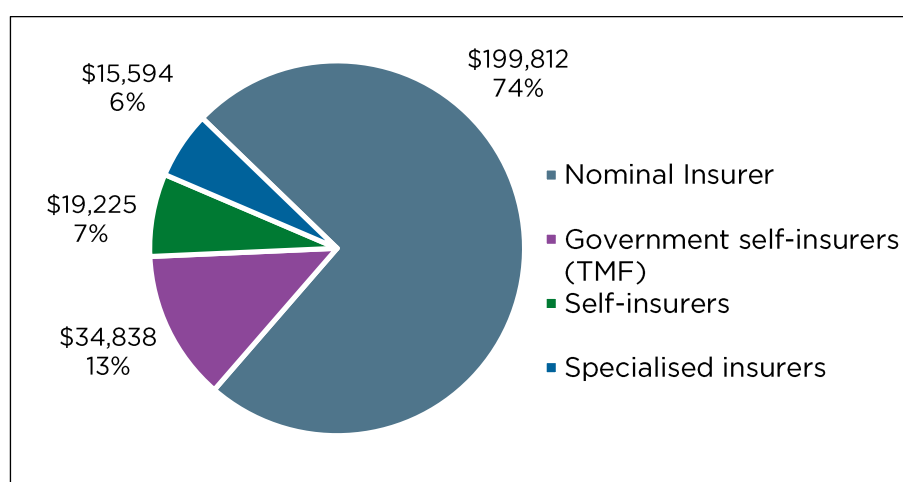


# Scheme performance: Efficiency

## Market share of each insurer segment

In 2018/19, the scheme insured businesses responsible for \$270 billion of reported wages in NSW. For those wages, 74 percent were insured by the Nominal Insurer, 13 percent by government self-insurers (TMF), 7 percent by self-insurers, and 6 percent by specialised insurers. It is expected that future years insurer type profiles will show more variation for the 2019/20 year with increased numbers of scheme customers looking to enter into a self-insurers licensing arrangement.

Figure 27 Total reported NSW wages (\$ million and percent) by insurer segment



## Claims volumes

In 2018/19 there were 136,532 claims reported to SIRA by insurers including 36,742 claims where an injury was reported that did not result in the claim being progressed or payments being made against the claim, (*generally known as a non-reportable claim*). Notably the number of claims (*reportable and non-reportable*) has increased in 2018/19 by 5,522 to 136,532 from the 131,010 reports received in 2017/18. A total of 99,790 reportable claims in the 2018/19 year resulted in a payment.

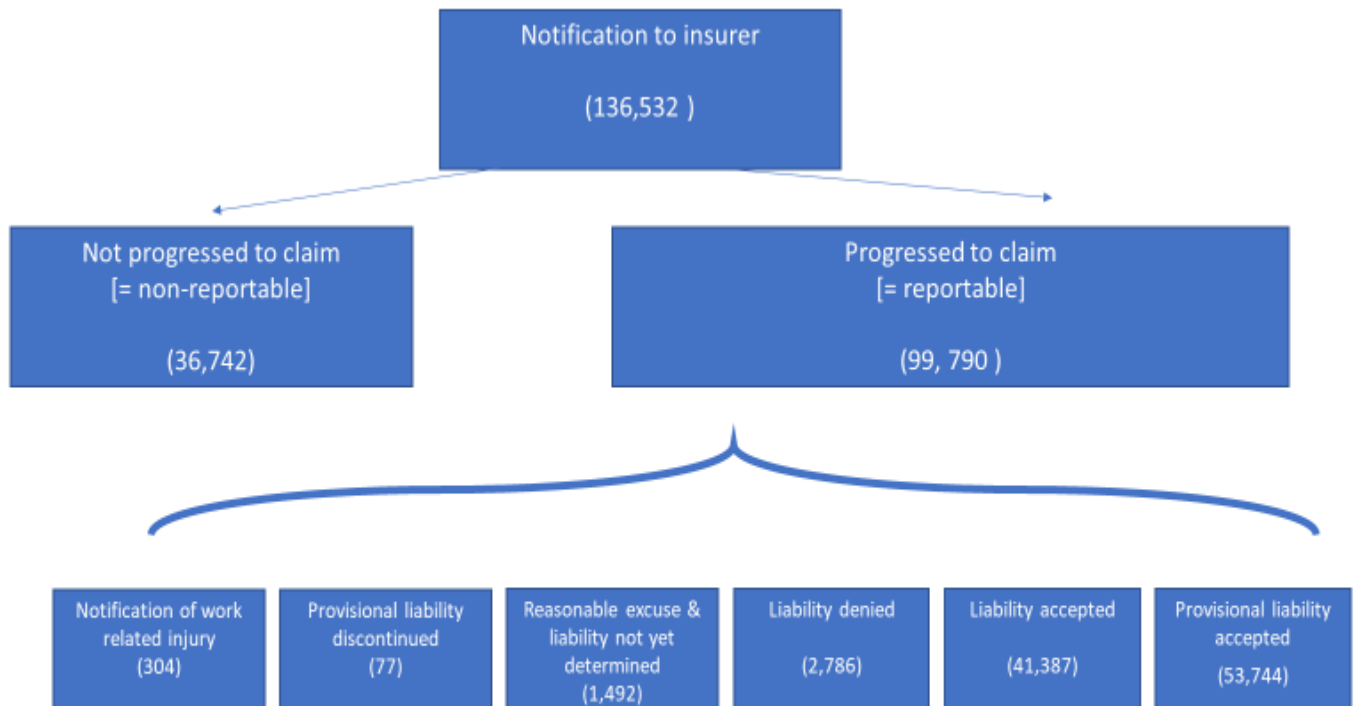
41% of claims were accepted (41,387) with another 54% (53,744) of claims accepted with provisional liability and 3% (2,786) of claims denied.

There is an increasing trend towards determining claim liability with provisional acceptance and fewer claims accepted in the initial assessment. For instance, 41% of claims were accepted in 2018/19 compared with 52% in 2017/18 and 57% in 2016/17. Correspondingly insurers acceptance of claims with provisional liability has increased from 44% in 2017/18 and 39% in 2016/17 to 54 percent in 2018/19.

The following diagram shows the claims journey for scheme customers in 2018/19 from the initial notification to the insurer through to the claim assessment by the insurer.

In the Workers Compensation system, a claim can take a number of pathways from being a notification to the insurer where the claim does not progress and incurs no costs or time loss through to being a claim that is assessed and possibly incurs costs. As the terminology for each of these claim subsets varies the following diagram offers a visualisation of the variations in claims journeys throughout 2018/19.

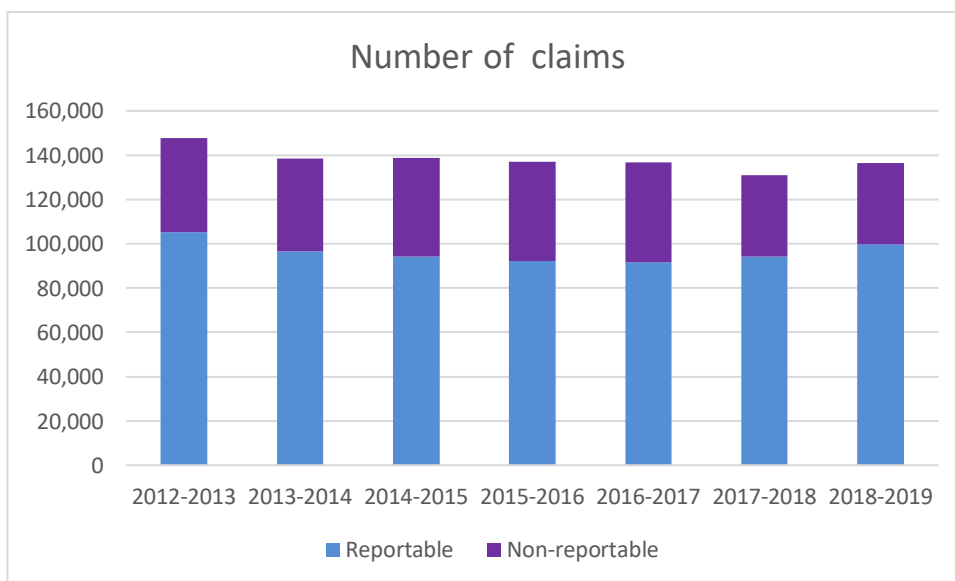
Figure 28 Claims progression diagram



## Scheme claims volumes

The numbers of reportable claims in 2018/19 were higher than the previous 5 years (2013/14 to 2017/18 inclusive) however the 2012/13 year remains the highest in the 7-year period. Forecasts undertaken for SIRA by Ernst and Young indicate that the claims numbers for this year are in line with the expected numbers

Figure 29 Number of reportable and non-reportable claims



## Percentage of system expenditure going to benefit workers

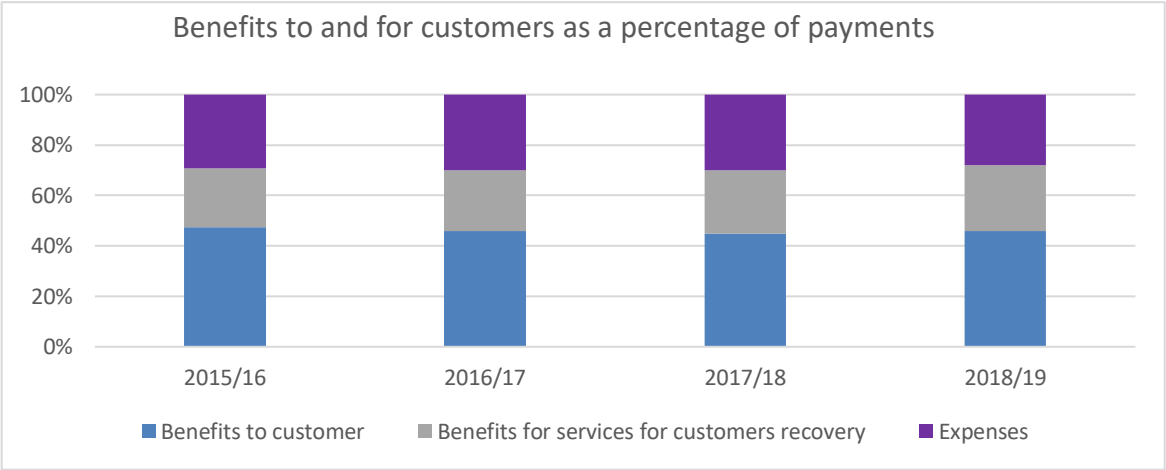
A key efficiency measure is that expenses and operating costs are low and that the benefits or payments going to workers and the payments made to contribute towards their recovery are high, relative to total expenditure.

In this metric the total expenditure has been divided into the following three categories:

- benefits paid directly to customers (for example, weekly payments, common law and s66, death benefits, commutations and miscellaneous payments)
- benefits paid for services for customers’ recovery and RTW (for example, medical costs and allied health services)
- insurer expenses (such as administration and operating expenses, regulatory costs, investigations and insurers’ legal fees).

Of the total expenditure across the system, 72 percent of all scheme expenditure for the 2018/19 year went directly to benefit workers either in weekly payments or to contribute to their recovery (for example, to cover medical costs). There is limited variation across these years and much of the evident variation is driven by the year’s high weekly payments costs.

Figure 30 Benefits to and for customers as a percentage of expenditure for the system



## Percentage of system expenditure going to benefit workers by insurer types

The following table shows the expenditure on benefits to and for workers broken down into the insurer types in millions of dollars. In the 2018/19 period, whilst as a proportion of expenditure across the scheme insurers expenses represented less of the overall expenditure than last year, insurer expenses increased by \$19.6M to \$1,181.1M, up from the \$1,162.1M reported in 2017/18. The increase in 2018/19 in insurer expenses was included an extra \$17.8M for Specialised insurer expenses, \$15.2M in Government self-insurers (TMF) insurer expenses, and \$2.9M for self-insurer expenses. The NI insurer expenses decreased by \$16.3M in 2018/19.

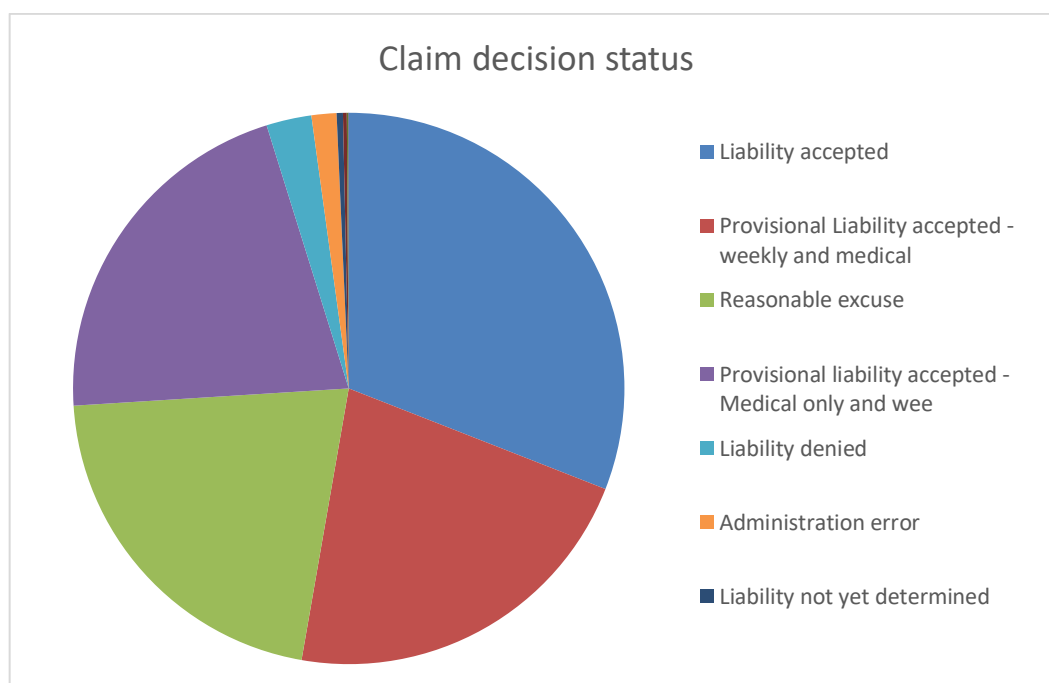
Figure 31 Expenditure going to benefit workers by insurer types (\$ Millions)

	2015/16			2016/17			2017/18			2018/19		
	Benefits to customers	Benefits for customers	Expenses	Benefits to customers	Benefits for customers	Expenses	Benefits to customers	Benefits for customers	Expenses	Benefits to customers	Benefits for customers	Expenses
Nominal insurer	1,155.9	585.1	1,080.7	1,161.2	675.5	938.7	1,105.2	660.8	947.3	1,312.9	789.6	931
Self-insurers	106.9	63.7	25	113.7	69.8	24.1	109.2	59.7	23.1	123.8	67.1	26
Specialised insurers	41.6	28.8	64	39.7	29.2	64.2	43.4	31.6	68.2	95.1	56.7	86
Govt self-insurers (TMF)	395	128	147.6	432.9	134.6	145.9	414.7	143.6	123.5	437.9	180.3	138.7

## Claims liability status

The following 2018/19 graph shows the percentage of all claims and their progression through the liability determination process. Whilst 31% of claims in 2018/19 were accepted, there is also an increasing trend across the scheme to accept claims with provisional liability (22%). SIRA, as the regulator has worked with insurers to encourage timely decision making in line with the NSW legislative requirements and timeframes, with the view to enabling efficient and timely access to medical services.

Figure 32 Claims liability determination status for 2018/19 claims



# Timeliness

## Efficient and timely claims management and liability assessment services

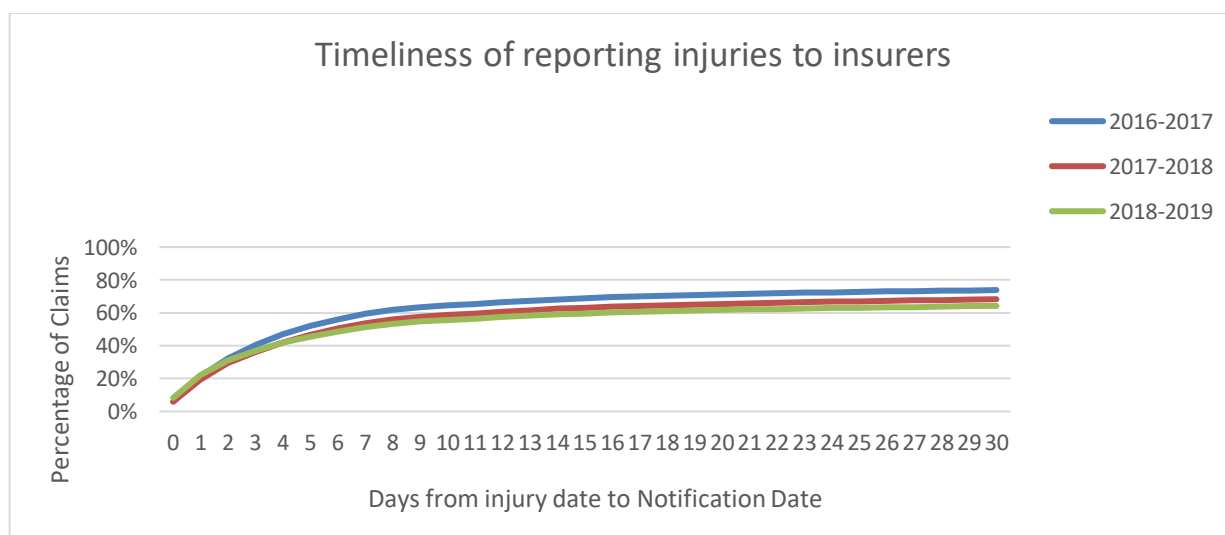
Efficient claims management is an important performance measure as it indicates the performance of the insurers operating within the scheme. More importantly, research shows a strong link between speedy access to treatment and improved outcomes for customers of the scheme. For these reasons the timeliness of key aspects of reporting injuries, claims service by insurers for scheme customers etc is a key efficiency measure as well as being an indicator of the service to the scheme customers.

## Timeliness of reporting injuries to insurers, excluding occupational diseases

The workers compensation legislation and guidelines outline the processes and timeframes workers, employers and insurers should follow. The initial action following an injury requires a worker to notify their employer as soon as possible after the injury happens (unless special circumstances apply). When an employer becomes aware of a work-related injury, they must notify the insurer within 48 hours. Compliance with these requirements is a core component of SIRA's compliance and enforcement program. Applying these timeframes enables the worker to access entitlements including medical supports and weekly payments and promotes optimum outcomes of return to health and RTW for the worker.

The following measure identifies the proportion of work-related injuries that were reported by the employer / worker (or worker's representative) to the insurer within the required timeframes. This is calculated from the date of injury to the date of notification to the insurer and excludes occupational diseases. The figure below shows there was a slight improvement in the timeliness of reporting injuries to the insurers in the first two days however from there a deterioration is observed for the 2018/19 year compared to the previous year,

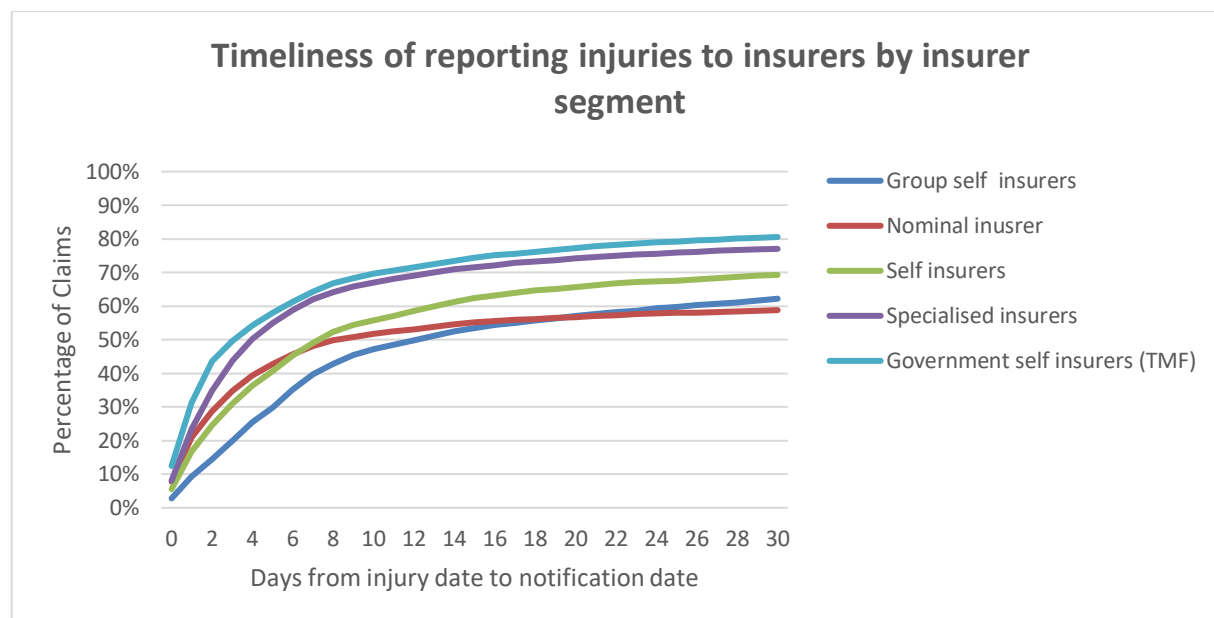
Figure 33 Timeliness of reporting injuries to insurers



## Timeliness of reporting injuries to insurers by insurer types

Government self-insurers (TMF) claims were generally notified in a timely manner, while group self-insurers experienced the least timely reporting of claims in 2018/19. The median delay for claims managed by government self-insurers (TMF) was five days. For all other insurer segments, the median delay was six days.

Figure 34 Timeliness of reporting injuries to insurers by insurer segment



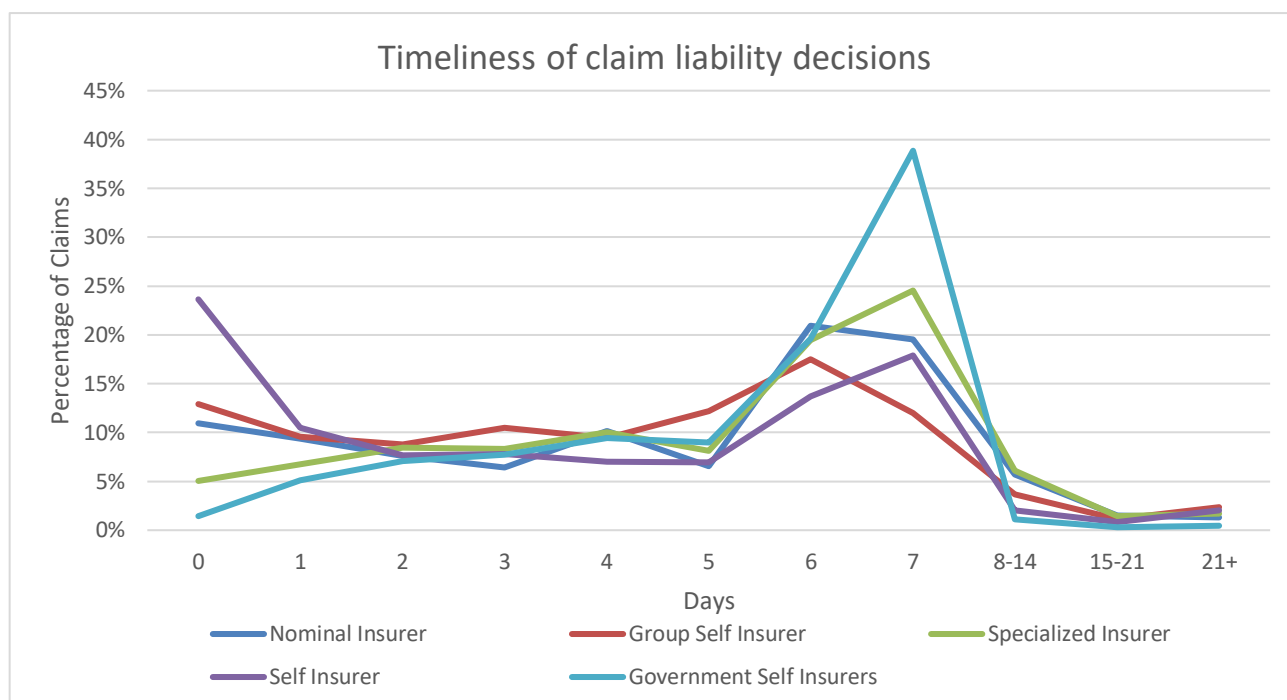
## Timeliness of claim liability decisions

Once the insurer has been notified of a work-related injury, the timeliness of insurers' decision making is a key legislative component of the system and an important factor influencing and supporting positive outcomes for workers.

The figure below shows the proportion of injury notifications which had a decision (including provisional liability, reasonable excuse, liability accepted or disputed) made within seven days as per the *Workplace Injury Management and Workers Compensation Act 1998* (1998 Act).

A more detailed analysis shows the timeliness of decisions is improving as more insurers made a liability decision within the required timeframe under legislation, however a trend has been observed that insurers are increasingly making provisional liability decisions.

Figure 35 Timeliness of claim liability decisions



## Increasing use of provisional liability decisions.

A trend that has been increasing is the acceptance of claim liability provisionally. Whilst this practise theoretically enables workers earlier access to medical payments and or weekly payments, the high incidence of the use of provisional liability by insurers, and particularly by the NI, would seem to indicate an overuse of this as an administrative process to defer a liability decision rather than the use of this provision at the right time, for the right claims and following claims assessment.

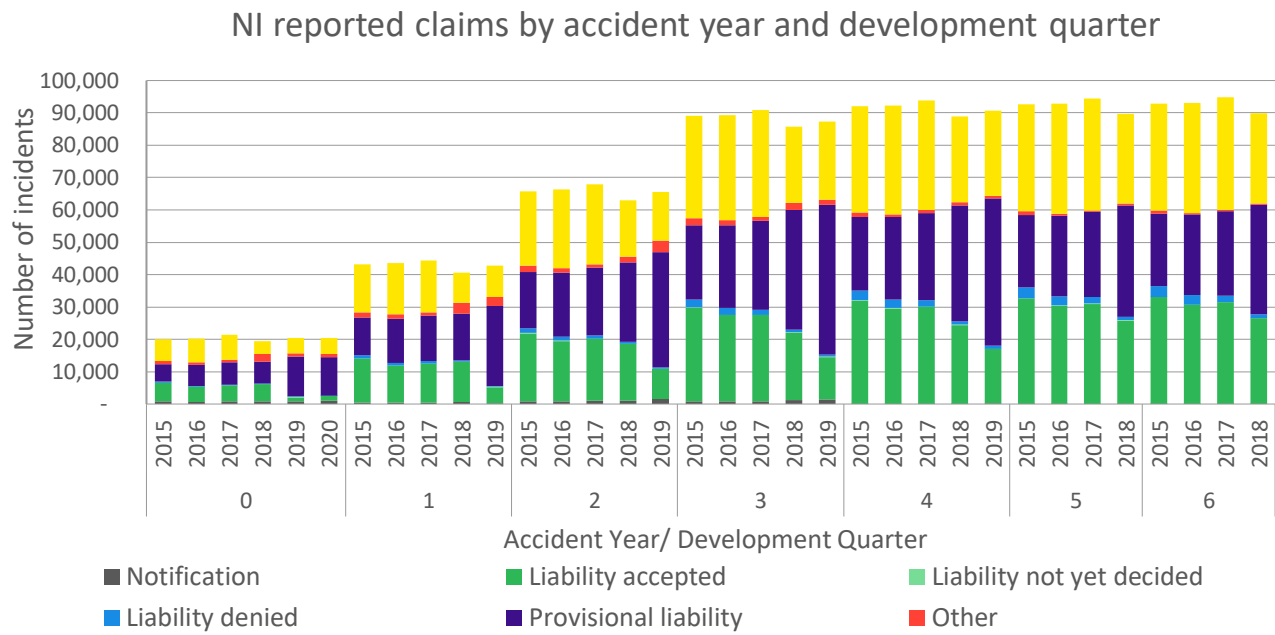
This is evidenced in the following graph which shows the NI utilisation of the provisional liability decisions by accident years and quarters from 2014/15 through to 2018/19 where there has been an increase in the proportion of “provisional liability” accepted claims since the 2017/18 accident year and in particular from quarter 2 onwards. For the 2018/19 and 2019/2020 accident years, this trend is evident from development quarter 0.

In addition, there has also been an increase in the proportion of claims remaining with a provisional liability status in the sixth development quarter. This is consistent with the observations from the NI claim file review which also identified a risk to the scheme efficiency as a lack of focus on these claims could potentially lead to increased payments and poor return to work outcomes for customers. Such an outcome is not aligned with the objective of introducing provisional liability which was designed to enable customers or workers access to medical treatments in a timely way

Also noticeable is that conversely there has been a reduction in the proportion of claims accepted and denied by the sixth development quarter. This suggests that claims managers are taking longer to make final decisions on claims and hence claims are remaining with a provisional liability status for longer.

In comparison with other insurer types, self-insurers and specialised insurers the utilisation of provisional liability has remained relatively stable whereas Government self-insurers (TMF) have shown some reductions.

Figure 36 Use of provisional liability by the Nominal insurer



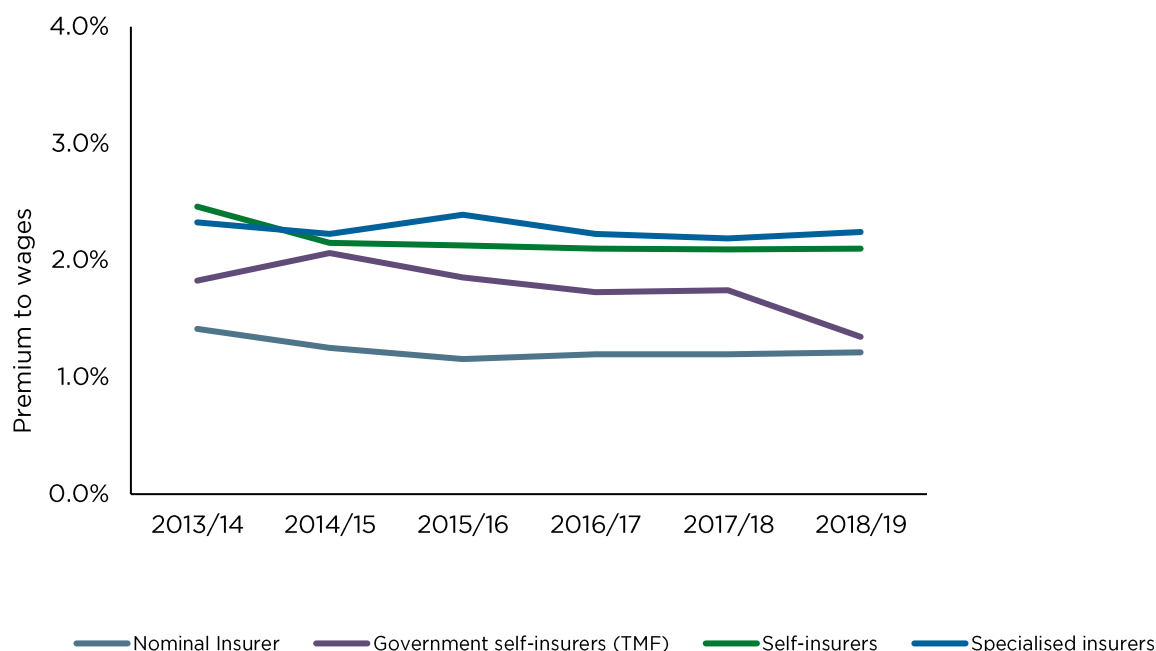


# System performance: Affordability

## Affordability of premiums

The affordability of premiums as a percentage of the NSW payroll has steadily improved from 1.8 percent in 2012/13 to 1.4 percent in 2018/19. Overall the nominal insurer had the lowest premium to reported wages rate, while the self-insurers and specialised insurers had the highest premium to wages rates.

Figure 37 Premium costs as a percentage of wages by insurer types

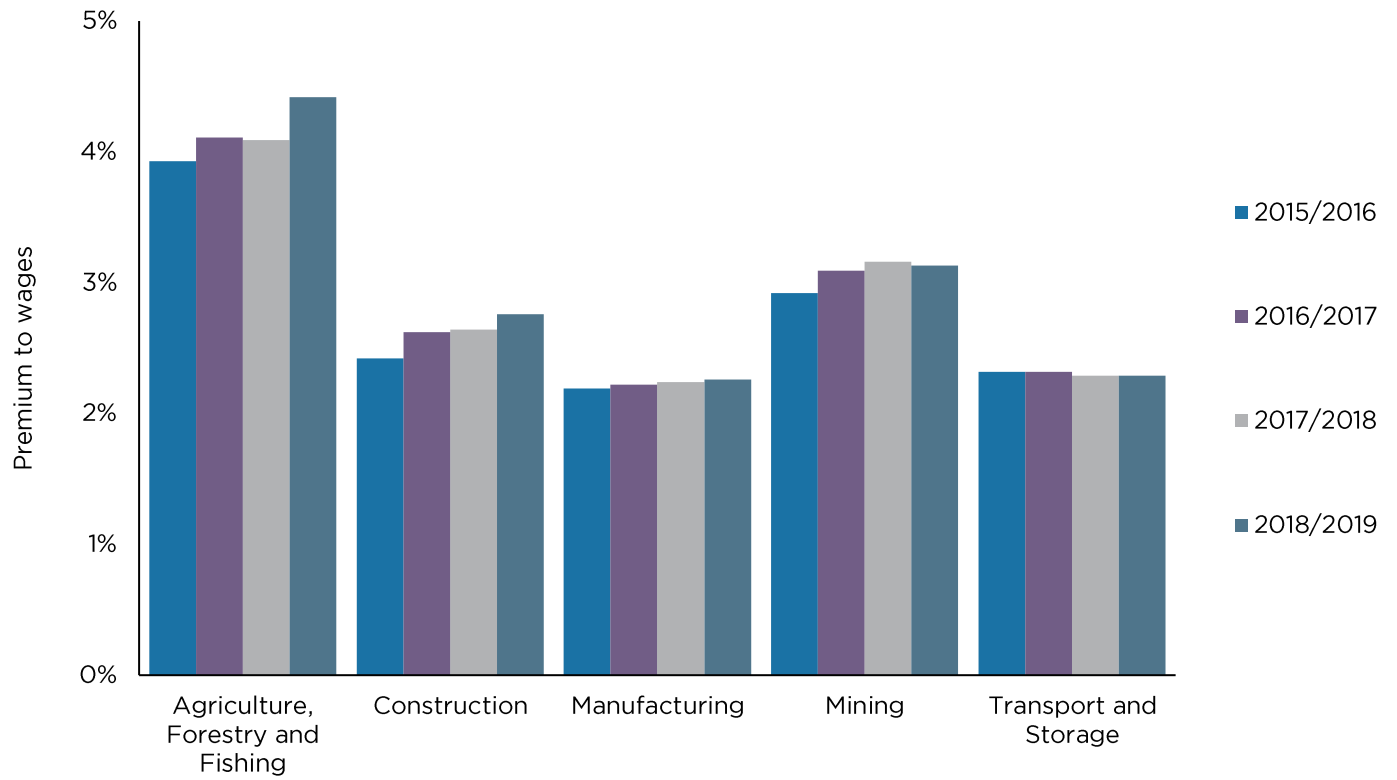


## Affordability of premium costs across industries

In 2018/19, the agriculture, forestry and fishing industry had the highest premium to wages rate followed by mining, construction, transport and storage, and manufacturing

The following graph provides a high-level indication of premium affordability across the top five industries.

Figure 38 Premium affordability across the more expensive industries



# Scheme performance - Viability

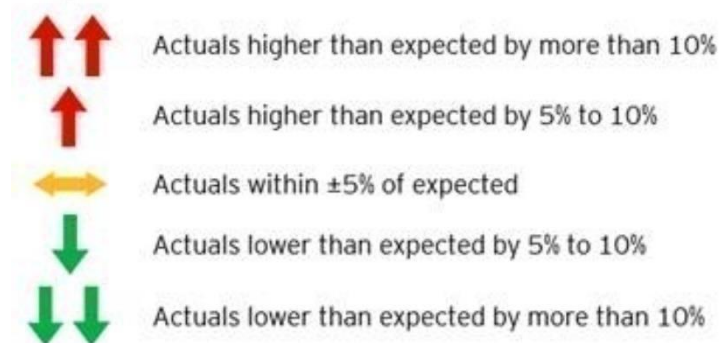
## Stability of scheme costs

The stability of claim costs, premium pricing and the adequacy of both premium pricing and the security held against claim liability are important measures of scheme viability. Whilst SIRA has previously provided in these reports information about the scheme trends compared with previous years, it is also important to assess if the scheme financial performance is in line with forecasts. If, for instance, claim numbers or medical costs are up from last year but in line with forecasts and there is adequate security to cover the liability, then the scheme can generally be assumed to be financially viable.

To assess the alignment between the adequacy of the security held and the 2018/19 scheme performance, SIRA commissioned Ernst and Young (EY) to develop a NSW Workers Compensation system performance model as a part of the review of the indicative performance of the system. The model's objective was to enable SIRA to assess the actual scheme performance against the expected performance. The model is not an actuarial valuation model of the liabilities and is not intended to replace the actuarial valuations performed by the various insurers' actuaries. The current version of the model is based on data as at 30 June 2019.

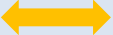





This model uses accident dates and includes accidents incurred to 30 June 2019. This model will continue to be refined on an annual basis. The legend below shows the possible outcomes for the actual versus expected analysis, which indicates how actual experience differs from expected experience, in both **direction** and **magnitude**.

### Legend



The table below shows the results of the actual versus expected analysis for the whole system using data up to 31 March 2020 and the projections from our valuation model as at 30 June 2019. With regard to weekly active claim numbers and weekly payments, the results confirm the deteriorating RTW experience noted throughout this report. The modelling also shows that weekly benefits are higher than expected by more than 10 percent whilst medical payments are higher than expected by 5 to 10 percent

Figure 39 Stability of scheme costs

	Actual compared with expected
Claim numbers	
Medical active claims*	
Weekly active claims*	
Medical payments	
Weekly payments	
Total payments	

*Actual and expected active claims are based on comparing data as at 31 December 2019 and 6 months projections to 31 December 2019*

*This model is not an actuarial valuation model of the liabilities and is not intended to replace the actuarial valuations performed by the various insurers' actuaries.*

## Adequacy of insurers' funds to meet future liabilities

SIRA has a legislative responsibility to collect and analyse insurers' prudential information to encourage sound prudential practices and evaluate the effectiveness of those practices. We supervise insurers to ensure that appropriate standards are met, assets and funds are maintained to meet outstanding liabilities, and information on payment trends is provided in a timely manner. The adequacy of funds to meet future liabilities is a key indicator of the viability of the system. Insurer's licences are subject to ongoing monitoring supervision to ensure risks are managed and prudential requirements are met.

Under sections 182 and 213-215B of the *Workers Compensation Act 1987*, SIRA administers security deposits and bank guarantees lodged by self-insurers and specialised insurers.

Money deposited with SIRA for this purpose is invested in term deposits with Australian-owned banks or authorised securities, which are issued or guaranteed by state or Commonwealth. The interest on such investments is paid to each self-insurer and specialised insurer.

The government self insurers (TMF) is subject to the Net Asset Holding Level Policy where the funding ratio of the entire government self insurers (TMF) (including workers compensation and non-workers compensation schemes) is maintained between 105 percent and 115 percent. Any variance as at 31 December each year may result in transfers to or from NSW Treasury to ensure the funding ratio is maintained.

Figure 40 Adequacy of insurer segments security by category

Insurer category	Number of current insurers	Adequacy of insurers' funds (as at June 2019)
Nominal Insurer	Nominal Insurer	As at 30 June 2019, the actual funding ratio was 109 percent at 80 percent PoA. This compares to the NI's current Target Operating Zone being between 110 percent and 130 percent as outlined in their Capital Management Policy.
Government self-insurers (Treasury Managed Fund)	TMF	The funding ratio for TMF as well as other funds managed by SiCorp is maintained between 105 percent and 115 percent in aggregate. The 2018/19 result was 113 percent. Any variance below or above these amounts as at 31 December each year may result in transfers from or to NSW Treasury to ensure the funding ratio is within this range. The Net Asset Level Holding Policy details the SiCorp funds that are included in the determination of the funding ratio.
Specialised insurers (APRA regulated)	4 (Catholic Church Insurances Limited, Guild, StateCover, Hospitality Employers Mutual Limited)	All APRA regulated specialised insurers maintained their authority under section 12 of the <i>Insurance Act 1973</i> of the Commonwealth to carry on insurance business in Australia.  April 2020 - SIRA holds a total of \$278.1 million security as per defined licence conditions.
Specialised insurers	2 (Coal Mines Insurance Limited and Racing NSW)	Racing NSW met its prudential requirements with SIRA holding \$43.8 million security for its claims liabilities.  CMI is exempt from SIRA's prudential oversight under legislation.
Self-insurers	61	April 2020 - SIRA holds a total of \$1,105.6 million security as per defined licence conditions.

Insurer category	Number of current insurers	Adequacy of insurers' funds (as at June 2019)
		This security includes 19 former self-insurers. Note there are 3 self-insurers that are not required by legislation to make a security deposit (Coal Mines Insurance Pty Ltd, State Transit Authority NSW and The NSW Self Insurance Corporation).
Insurers' Guarantee Fund	6 insolvent insurers	Funding ratio of approximately 200 percent of assets over liabilities calculated with no prudential margin. (as at April 2020).

## Adequacy of premium collection

It should be noted that specialised insurers' and the NI's funding position is impacted by any difference between the actuarially determined breakeven premium rate and the actual premium collection rate. Subject to actual investment returns earned, if the premium collection rate is greater than the breakeven premium rate then the funding ratio will increase, and if the premium collection rate is less than the breakeven premium rate then the funding ratio will decrease.

Each year the NI and the specialised insurers identify a breakeven premium rate and at the end of each financial year retrospectively report the actual premium collection rate. For scheme viability and transparency this is important analysis.

For the NI, the breakeven premium rate projected for the 2018/19 year was 1.52 percent of wages whereas the premium collected in the year was 1.29 percent resulting in a projected shortfall. The pattern in previous years was similar where the premium income collected was below both the targeted and breakeven premium rates

The NI pattern in previous years was that the actual premium collection rate fell below the breakeven rate and the projected target premium rate. For instance, in 2017/18 the breakeven premium rate was 1.43 percent compared with an actual collection rate of 1.23 percent with a projected target rate of 1.30 percent, meaning that the premium collected was below both the NI projected collection rate (1.30 percent) and the breakeven rate (1.43 percent). In 2016/17 the breakeven premium rate was 1.37 percent whilst the collected premium was again below this at 1.23 percent and similarly below the projected target rate (1.30 percent). For these years, the NI's collection rate was below both the breakeven premium rate and the NI's target or projected rate. As the NI's market share represents 74 percent of the scheme this performance represents a significant risk to the financial viability of the scheme.

The other specialised insurers where data is available were as follows.

Figure 41 Breakeven, collected and target premium rates

Insurer	Premium rate type	2018/19	2017/18	2016/17
Guild	Breakeven rate	Pharmacy: 0.982% Early learning: 1.496% Preschool & Kindergarten: 1.534%	0.990%	1.030%
	Targeted or projected rate	N/A	N/A	1.17%
	Actual collection rate	N/A	N/A	N/A
HEM	Breakeven rate	1.74%	1.64%	1.70%
	Targeted or projected rate	1.97%	1.85%	1.85%
	Actual collection rate	2.01%	2.05%	2.09%
StateCover	Breakeven rate	2.44%	2.39%	2.53%
	Targeted or projected rate	2.45%	2.45%	2.50%
	Actual collection rate	2.42%	2.41%	N/A
CCI	Breakeven rate	0.80%	0.79%	0.90%
	Targeted or projected rate	0.89%	0.87%	0.90%
	Actual collection rate	0.93%	1.00%	0.97%
Racing NSW	Breakeven rate	8.72%	7.43%	9.92%
	Targeted or projected rate	9.66%	10.42%	10.40%
	Actual collection rate	8.99%	11.26%	10.39%

Notes

Breakeven premium rate for Racing NSW is calculated based on its 2020/21 premium filing

Guild does not have an overall breakeven rate after it began to underwrite Childcare from Jun 2017

## Stability of claim costs

The stability and/or predictability of claims costs are important signals of system stability and viability. In 2018/19 the scheme payments of \$3.2 billion are an 11 percent increase on 2017/18 costs.

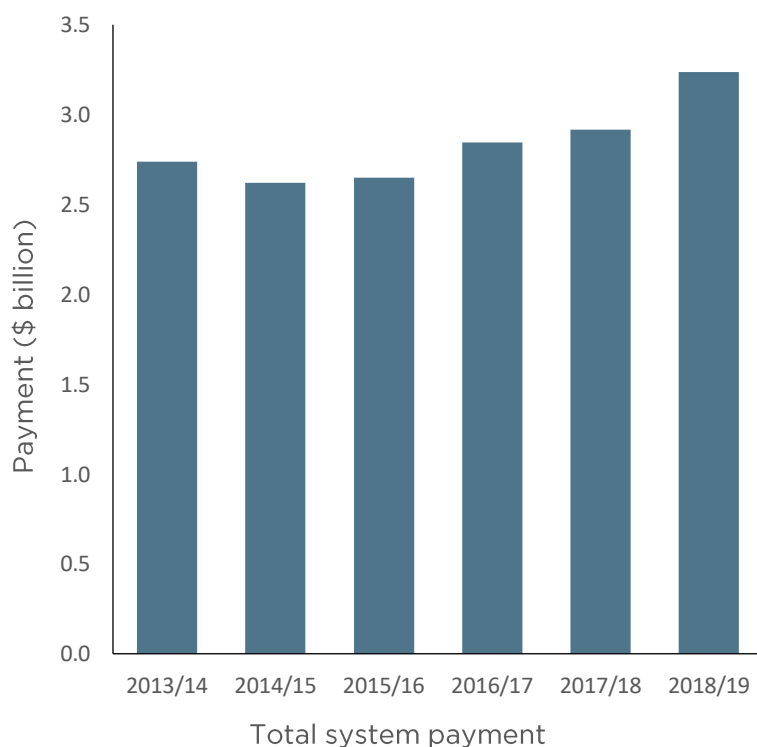
The major contributors to the increase in the cost of claims were weekly payments (+\$155 million) and total medical payments (+\$141 million) respectively. Rehabilitation payments showed the largest decline (-\$26 million) in comparison to the previous year and this reduction may be reflected in the deteriorating RTW rates.

In addition to assessing the stability of claim payments compared with previous years this year SIRA commissioned Ernst and Young to undertake analysis of whether the scheme costs are exceeding the forecasts for the scheme. The results indicate that for weekly benefits and medical costs the actual costs substantially exceeded the projected costs or estimates. (For more detail on the modelling please use this [link](#))

Overall the increasing costs of claims represents a serious risk to the health of the Workers Compensation scheme.

## Total payments

Figure 42 Total payments

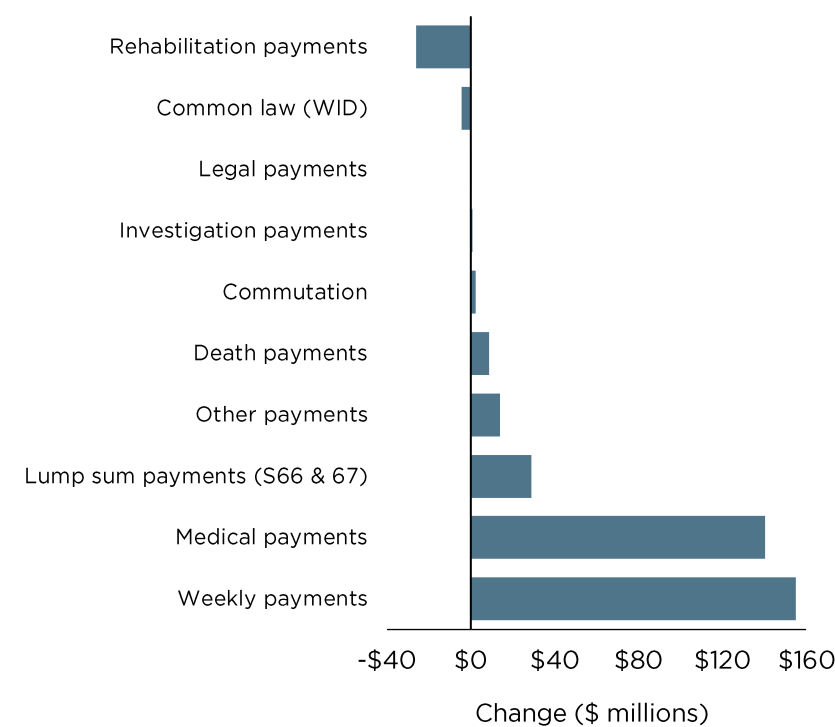




## Changes to payments

The following section examines the changes by payment types, the changes year on year and the changes across development quarters.

Figure 43 Dollar change in payments (millions) by payment type



## Breakdown of claim costs

The stability of claim costs also impacts on system viability. The stability can be measured by the average costs of the claims across the system compared with previous years.

The financial and cost information in this section is generally presented in original dollar values – without indexation and in the year the payments were made rather than accident years. Where this varies it will be noted. Costs in the workers compensation system are subject to a variety of potential inflationary factors including wage and salary rates, medical fee schedules, statutory benefit indexation and general price inflation. As there is no single index which adjusts for all potential factors, costs have been shown in their original dollar values for simplicity.

Overall, whilst the average number of claims has remained relatively stable since 2014/15, the average cost of the claim payments has been steadily increasing year on year since 2012/13. There are several drivers of these increasing costs including increasing medical costs and the increasing duration of weekly payments. Within the system there are more claims that are active (have had a payment in the last 3 months) with more people in the system receiving weekly payments. This escalating cost trend across the scheme represents a significant risk to the viability of the scheme

Figure 44 Cost of weekly, medical and common law claim payments

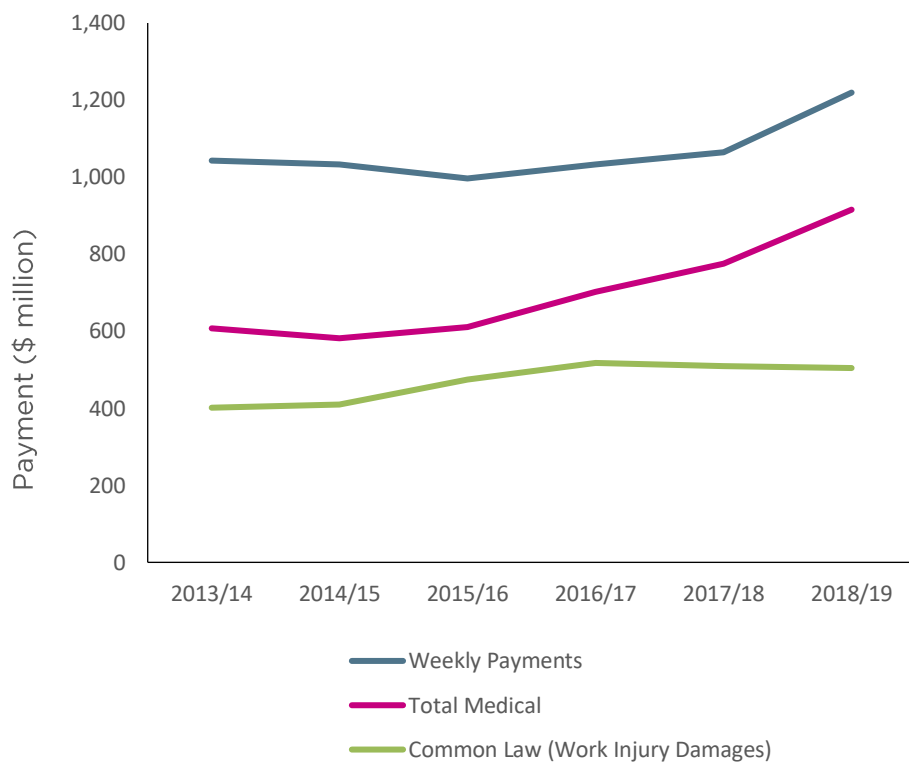
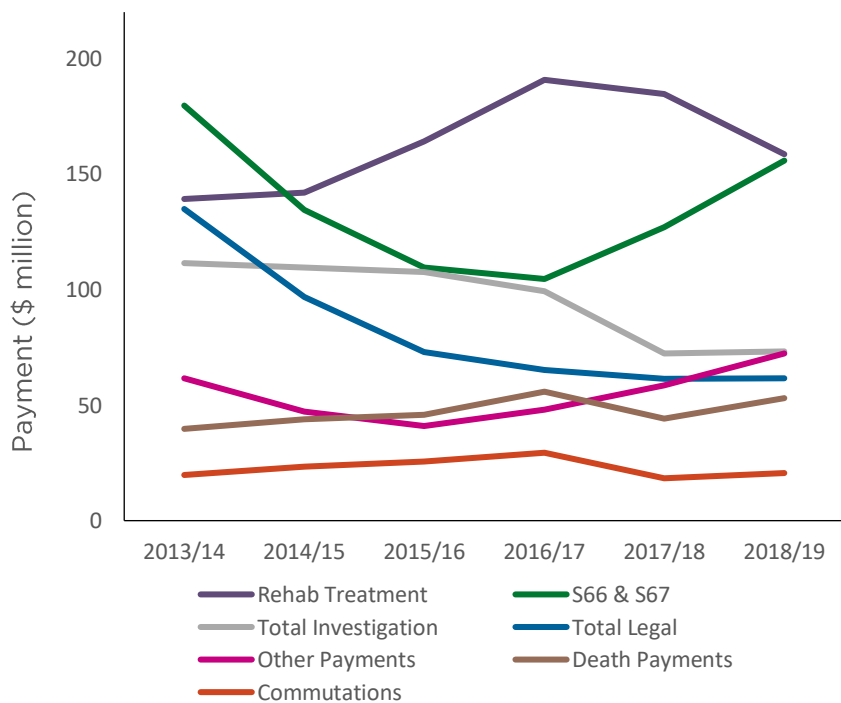


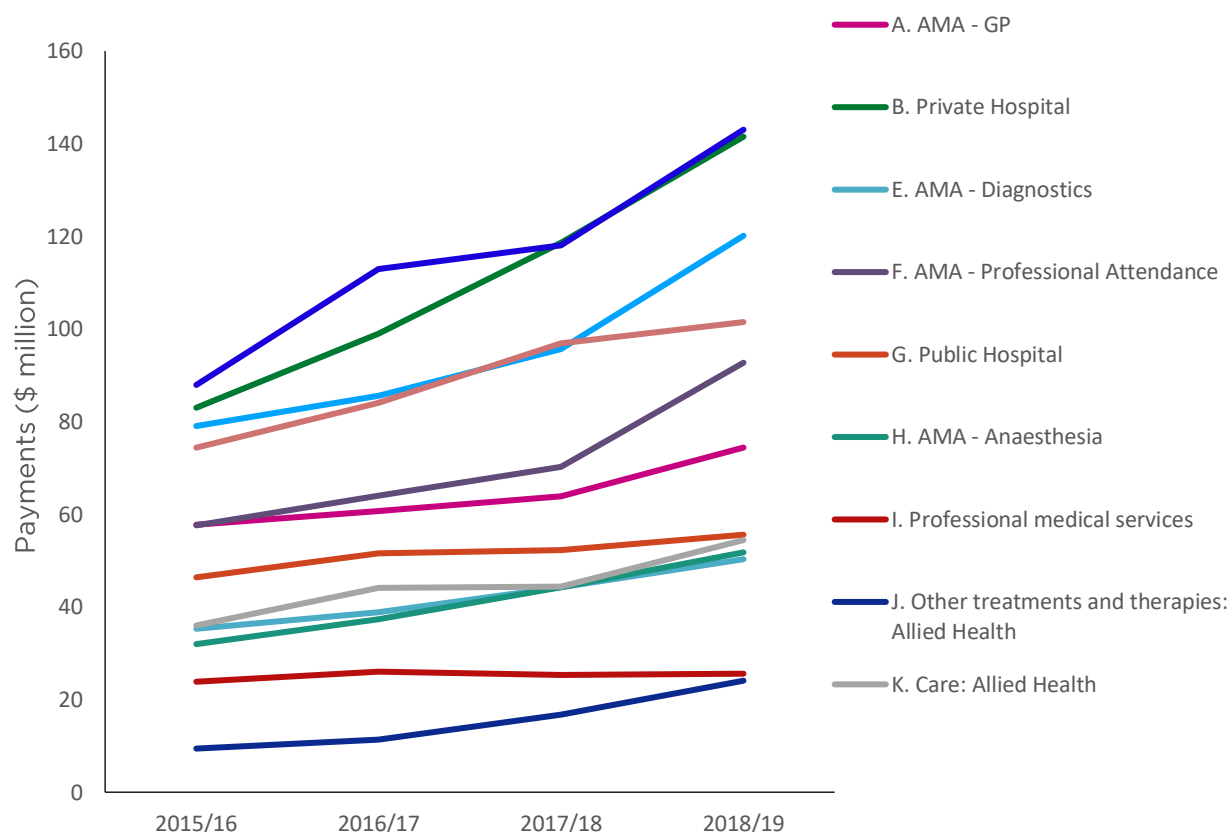
Figure 45 Cost of rehabilitation, investigations, commutations, legal, death and S66 and S67 payments.



## Medical payments

Across the scheme the rising costs and the number of services provided for each claim is escalating. As explained above, the stability and predictability of the claim costs including medical costs is important to the scheme viability. It is also important that the actual costs align with the estimates done annually for the scheme, so for this reason SIRA has commissioned Ernst and Young to undertake some modelling. The results were that medical costs were higher than expected by 5 to 10 percent. (For more detail on the modelling please use this [link](#))

Figure 46 Medical costs breakdown



## Insurer segments spend on medical payments

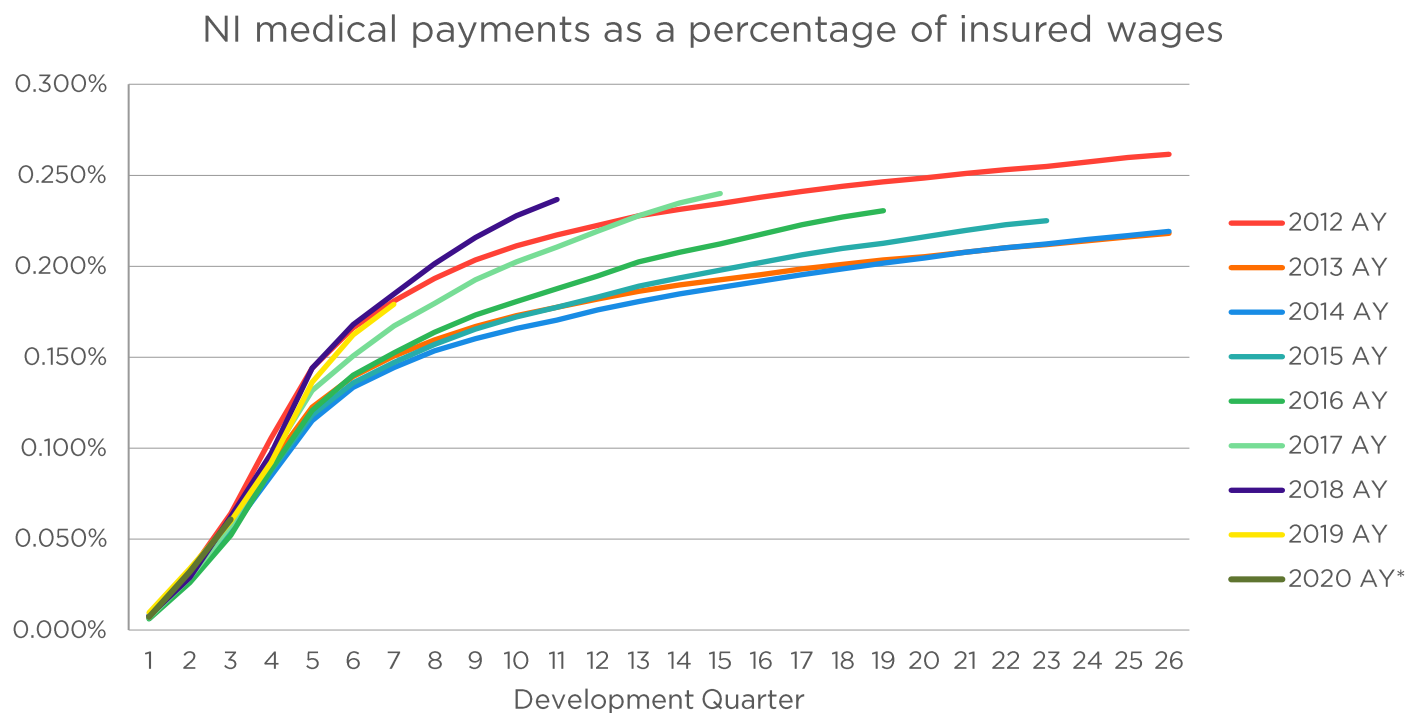
Except for the self-insurers segment of the Workers Compensation scheme, medical payments have been increasing. In particular, the NI, specialised insurers and the TMF emergency services have increased significantly and in a way that may not be sustainable for the scheme.

## NI medical payments

Total medical payments adjusted for wages exposure have been increasing for each successive accident year from 2014 to 2018. At the same stage of development, the 2019 and 2020 accident years (like weekly payments) are following a similar pattern to 2012.

The second graph shows payments by half year and that medical payments have increased significantly since 2016, with spikes in the December 2018 and December 2019 payment half years which are due most likely to processing issues.

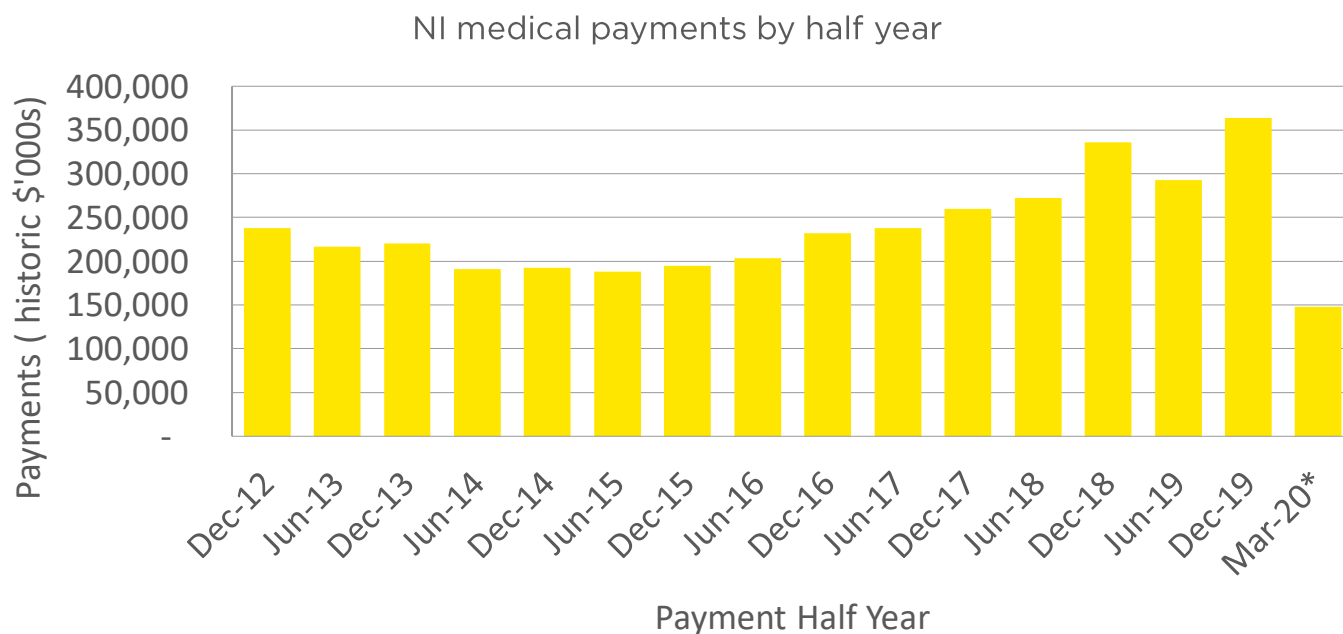
Figure 47 Total medical payments as a percentage of wages for the NI



Note - data as at March 2020

## NI medical payments by half year

Figure 48 NI medical payments by half year

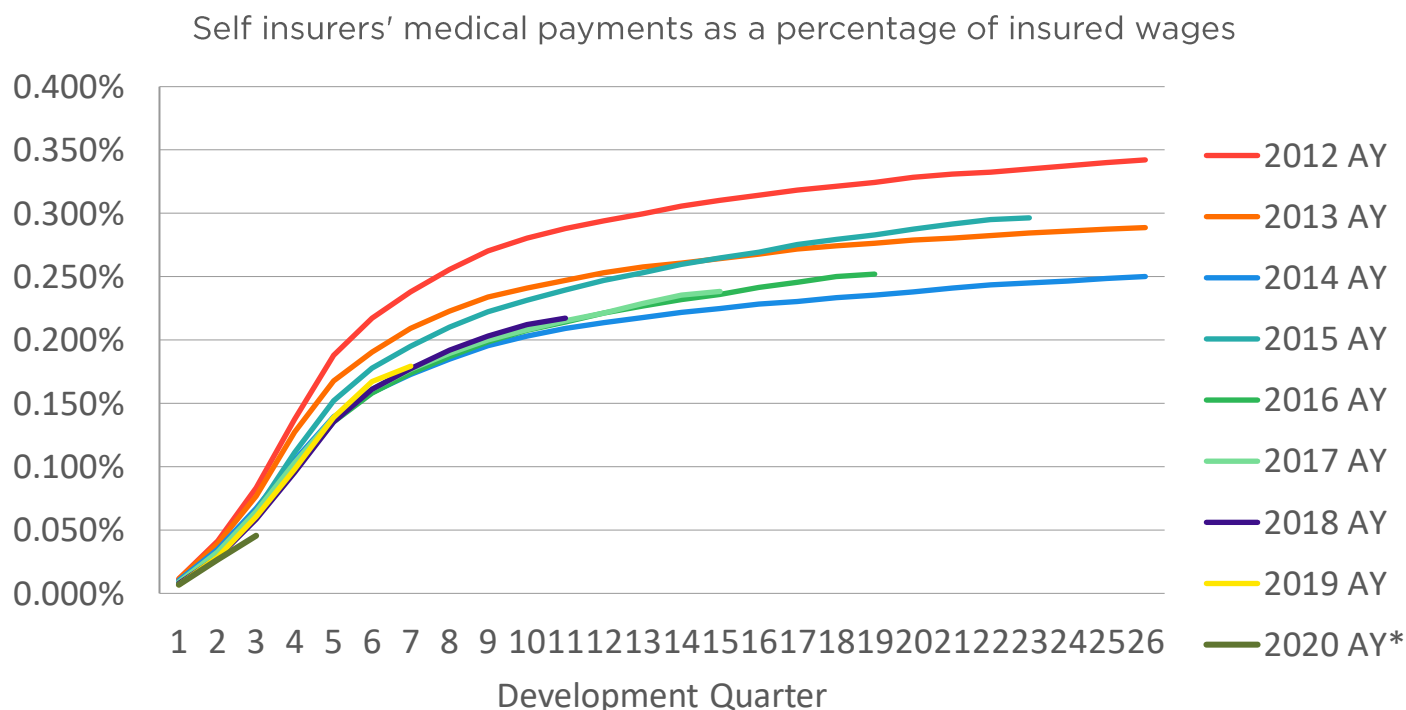


Note - data as at March 2020

## Self-insurers' medical payments

Self-insurers' total payments adjusted for wages exposure have been relatively stable from accident year 2016 and onwards. Whilst the 2020 accident year has developed at a much lower level however, it may still be underdeveloped.

Figure 49 Self-insurers' medical (total payments as a percentage of wages)

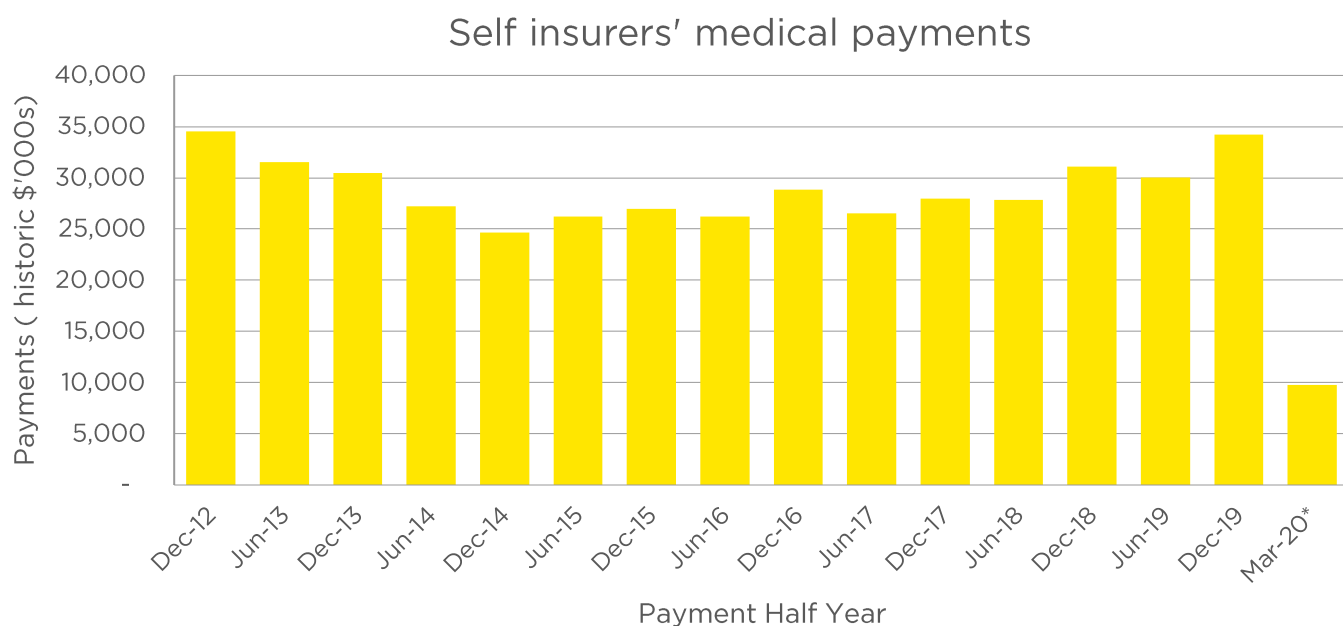


Note – data as at March 2020

## Self-insurers' medical payments by half year

Self-insurers' medical payments are shown below as the payments every 6 months and an increasing trend since 2017 is observed. Of concern to the scheme's performance is that the December 2019 payment half year is reaching a similar magnitude to that of 2012 before the scheme reforms.

Figure 50 Self-insurers' medical payments by half year

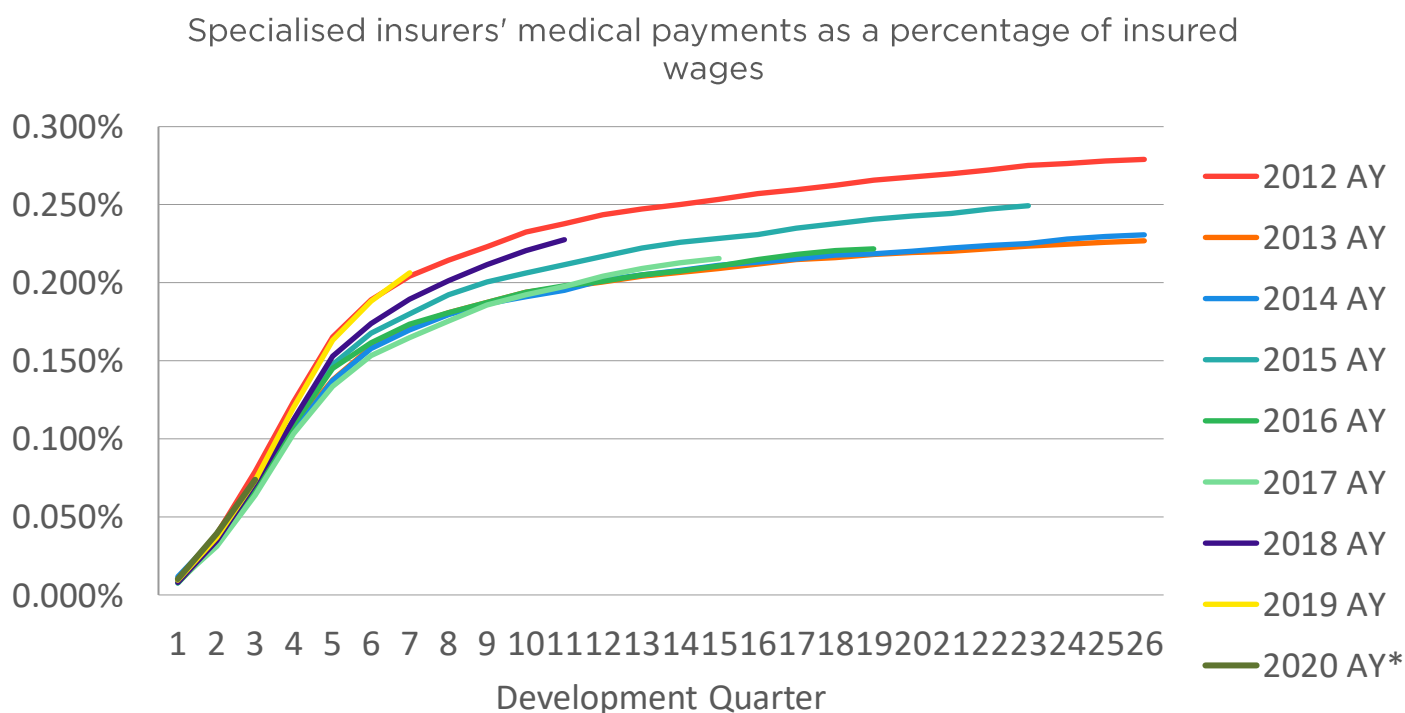


Note – data as at March 2020

## Specialised insurers

The medical spend of specialised insurers across the scheme, adjusted for wages exposure for the 2018 and 2019 accident years has been increased significantly. The 2019 and 2020 accident years are also following a similar trend to 2012.

Figure 51 Specialised insurers' medical spend as a percentage of insured wages

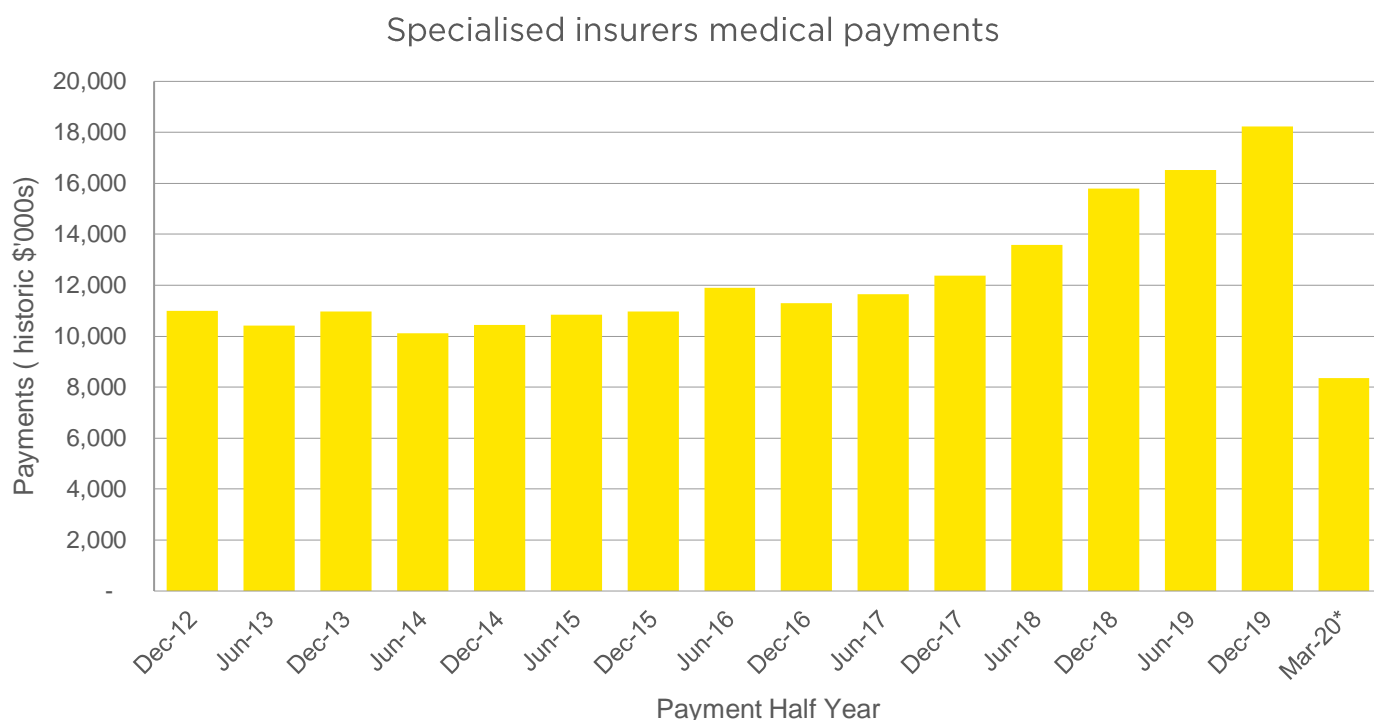


Note – data as at March 2020

## Specialised insurers' medical spend by half year

Specialised insurers' medical payments by half year shows that medical payments commenced increasing significantly from 2017 onwards.

Figure 52 Specialised insurers' medical spend by half year

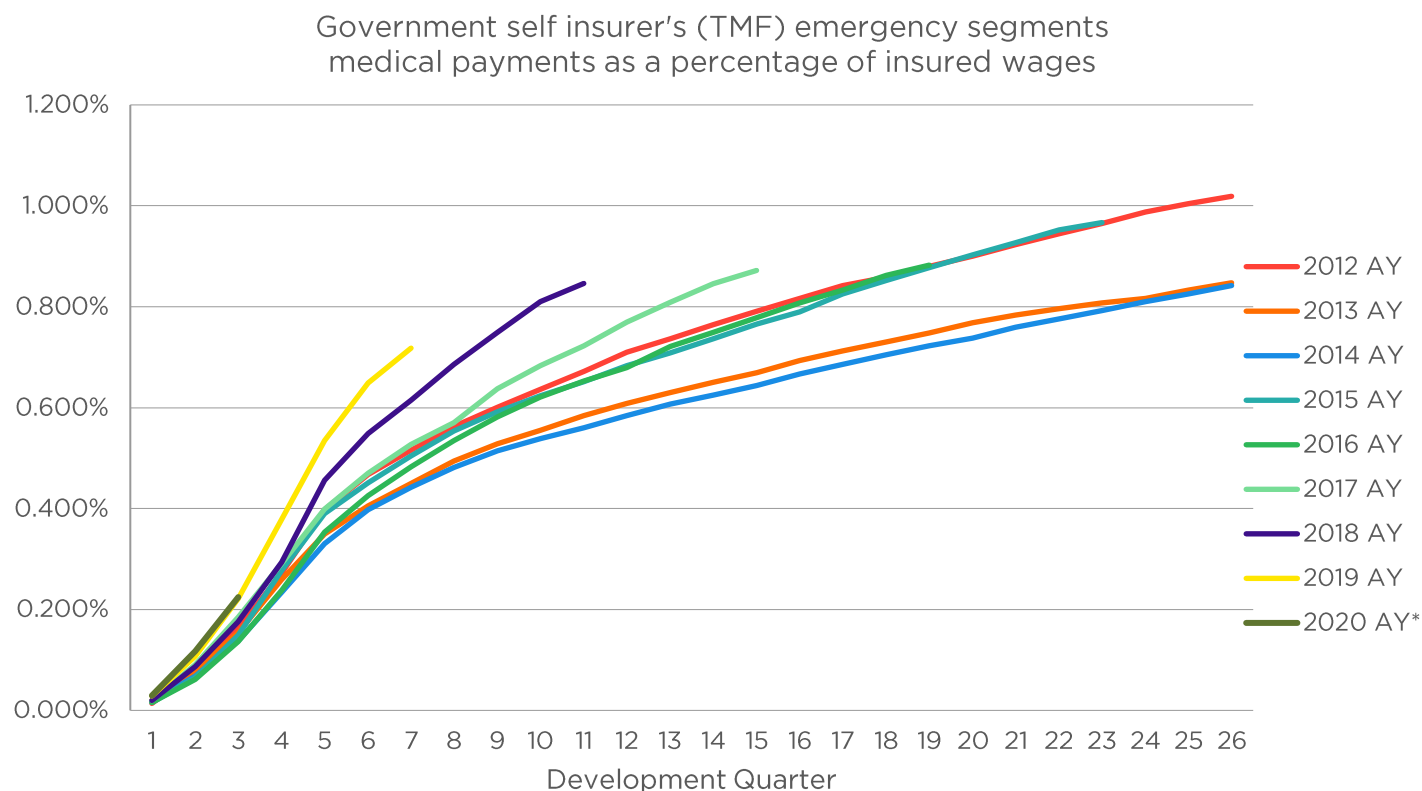


Note – data as at March 2020

## Government self-insurer's (TMF) emergency segments

Government self-insurer's (TMF) emergency segments total payments adjusted for wages exposure have generally been increasing for every successive accident year since 2017.

Figure 53 Government self-insurer's (TMF) emergency segments medical spend



Note – data as at March 2020

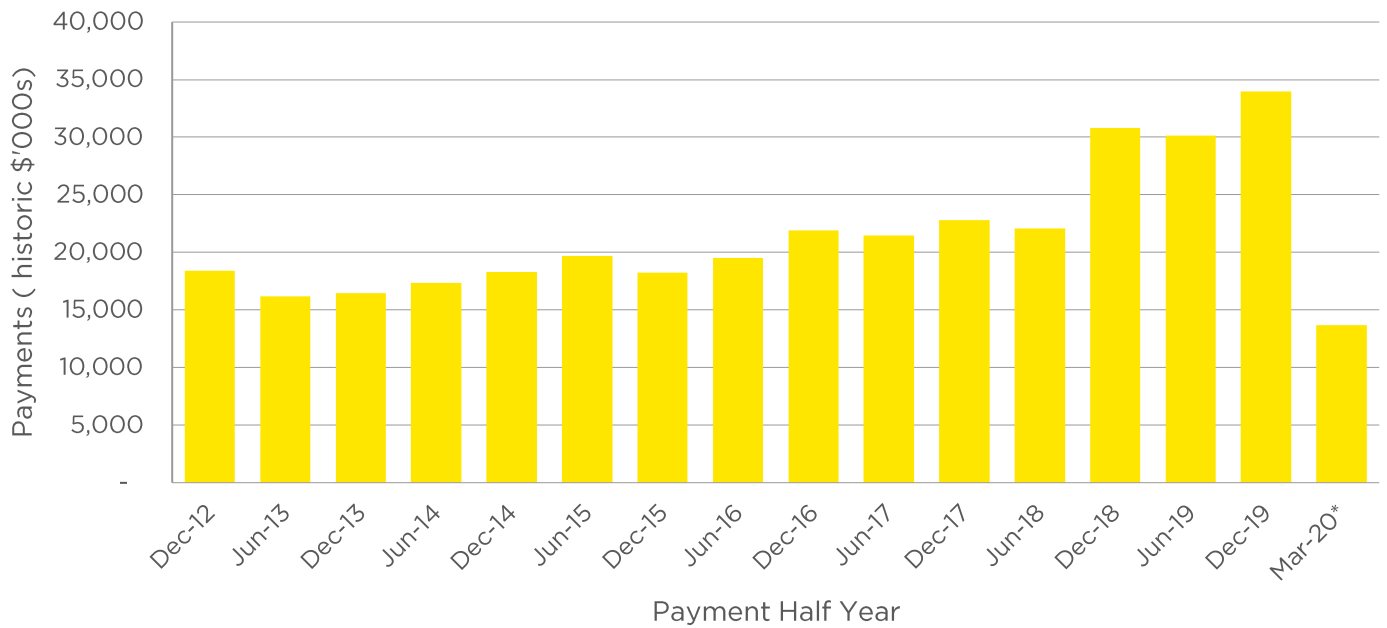
## Government self-insurer's (TMF) emergency segments medical payments by half year

Government self-insurer's (TMF) emergency segments medical payments by half year have been increasing since 2012, with an apparent spike from December 2018 onwards.

Figure 54 Government self-insurer's (TMF) emergency segments medical payments by half year



Government self-insurer's (TMF) emergency segments medical payments by half year



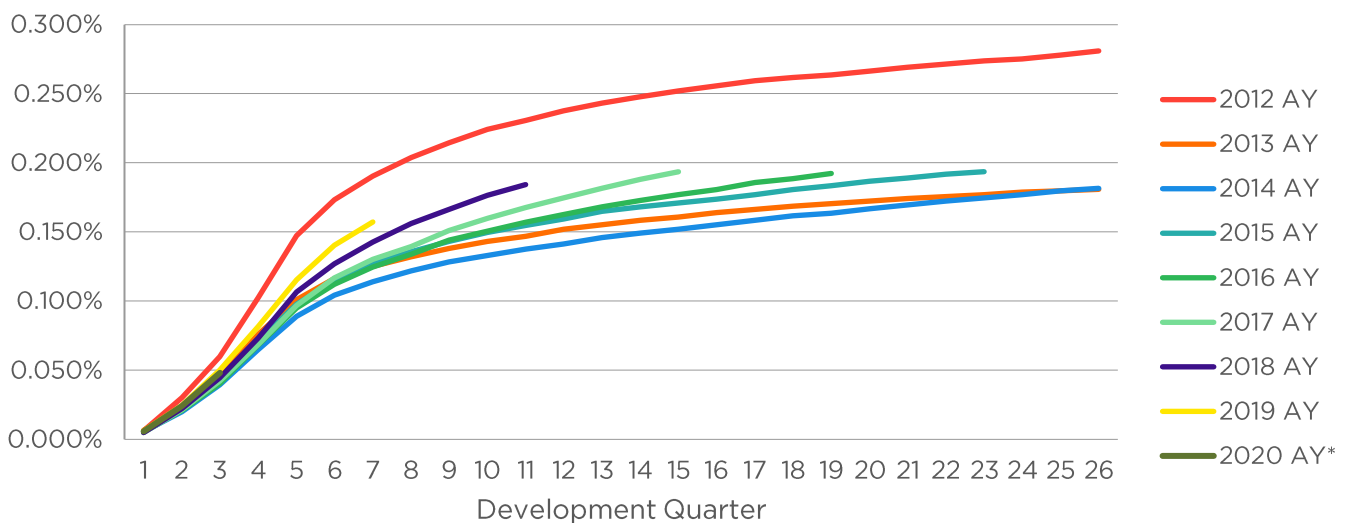
Note – data as at March 2020

## Government self-insurer's (TMF) non-emergency segments medical payments

Total payments adjusted for wages exposure for Governments self-insurer's (TMF) non-emergency segments have generally been increasing for every successive accident year since 2015. The 2020 accident year is following a similar pattern to 2019, which is at the highest level since the 2012 reforms.

Figure 55 Government self-insurer's (TMF) non-emergency segments medical payments

Government self-insurer's (TMF) non emergency segments  
Medical (total payments as a percentage of wages)

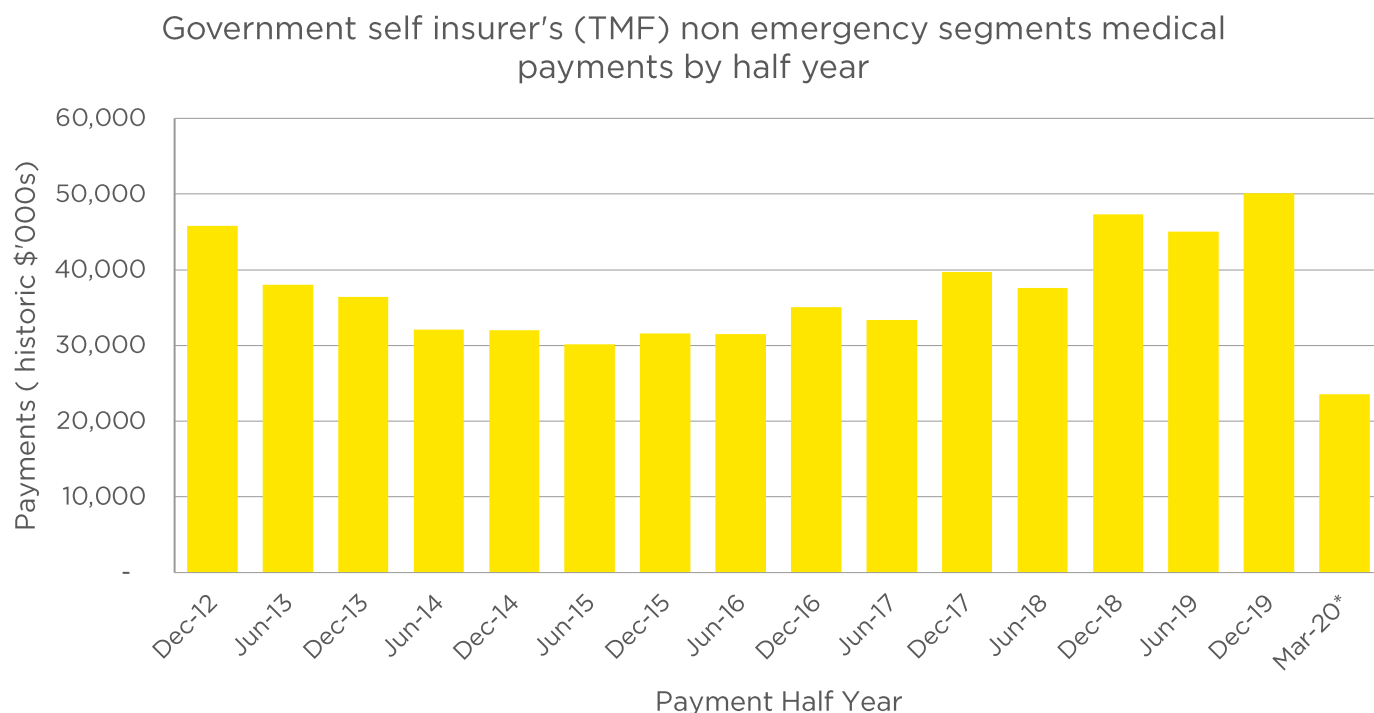


Note – data as at March 2020

## Government self-insurer's (TMF) non-emergency segments medical payments by half year

By payment half year, medical payments have been increasing significantly since 2017.

Figure 56 Government self-insurer's (TMF) non-emergency segments medical payments by half year



Note – data as at March 2020

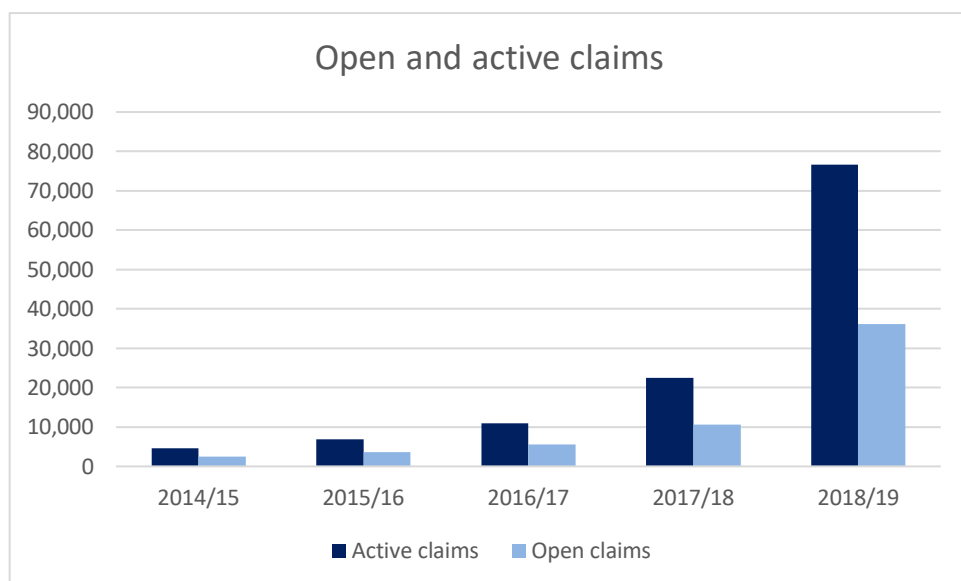
### Open and active claims

A comparison of the number of active and open claims across the scheme year on year is an indicator of the stability of costs. That is where the number of claims being reported is relatively stable and the number of claims left open by the insurer is increasing. There is the presumption that there is an increasing risk to the viability of the scheme as the insurer expects to make future payments against those open claims. In addition, active claims where there is recent payment activity, indicate a risk of ongoing cost liability. For these reasons SIRA monitors open claim numbers and active claims as a flag for the stability of the scheme.

In 2018/19 there was a significant increase in the number of active claims (76,572) compared with 2017/18 (22,492). This performance may diminish further as the data develops further. Similarly, in 2017/18 there were 10,577 open claims compared with 2018/19 where there were 36,176, again a significant increase.

This dramatically higher number of open and active claims in 2018/19 flags a significant risk to the financial viability of the scheme particularly where there may be a risk that the data for 2018/19 has not had the same development period as that of 2017/18 and the numbers may trend to an even higher level.

Figure 57 Open and active claims in the scheme



## Weekly payments

Workers RTW rates are declining meaning they are not going back to their jobs as quickly as we have seen in past years. Whilst this has social costs both to the wider community and to individual workers recovery rates, it also has a significant impact on the financial viability of the scheme with weekly payments being the highest cost of all the payment types in the scheme. So, the impact of increased numbers of people on weekly benefits and increased weekly wages costs is having a significant impact on both recovery rates and the financial viability of the scheme.

The following graph shows the increases in weekly payments by accident years and development quarters for each of the insurer types. Presenting this by accident years and development quarters enables clear visibility of the changes in the scheme as claims journeys for customers develop and mature.

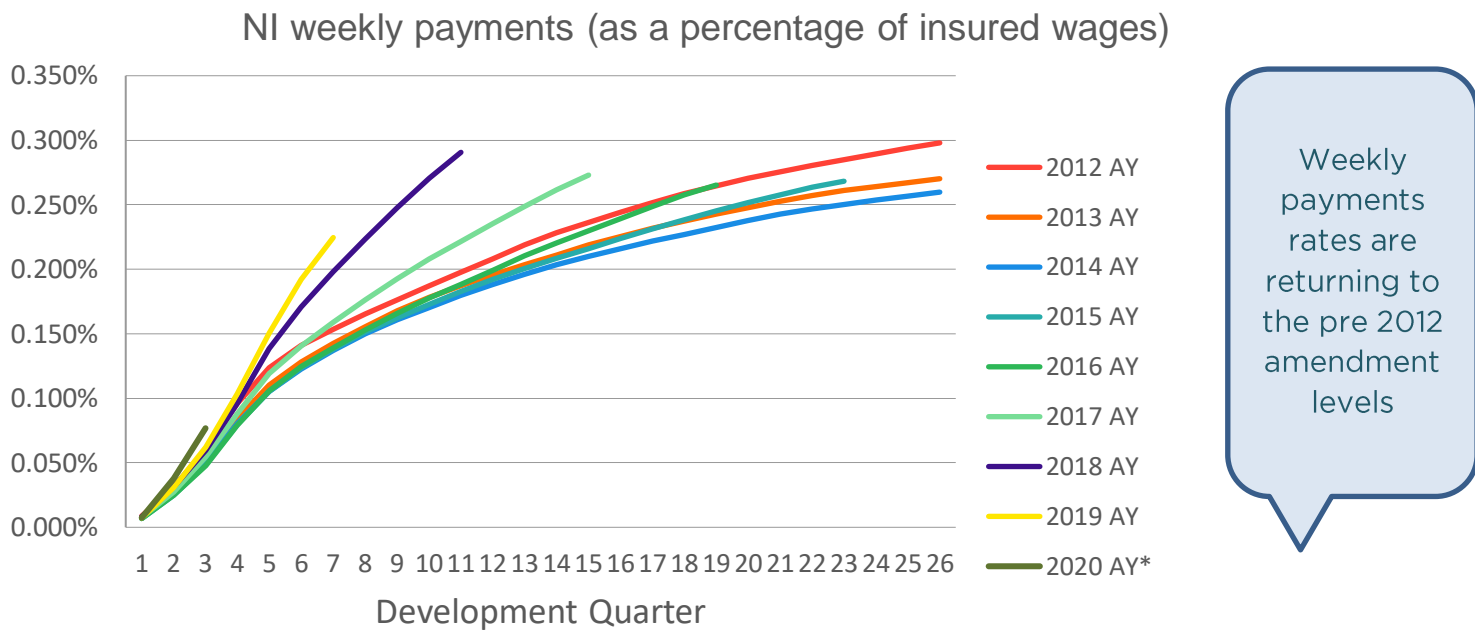
Overall weekly benefit payments are increasing for all insurer segments of the scheme but have deteriorated more significantly for the NI and the TMF. This is consistent with the deteriorating return to work rates and increasing duration on weekly benefits. Of particular concern with this performance is that the weekly payments rates are returning to the unsustainable cost levels of before the 2012 legislative amendments. As well there may be negative impacts of these long absences from work on customers wellbeing and recovery as evidenced in research.

## NI weekly payments

Total payments adjusted for wages exposure has been increasing significantly for each successive accident year since 2015 and at this stage of development, the 2020 accident year is developing at an even higher level than 2018. Prior to 2018, weekly payments had been stable but started to increase significantly from 2018.

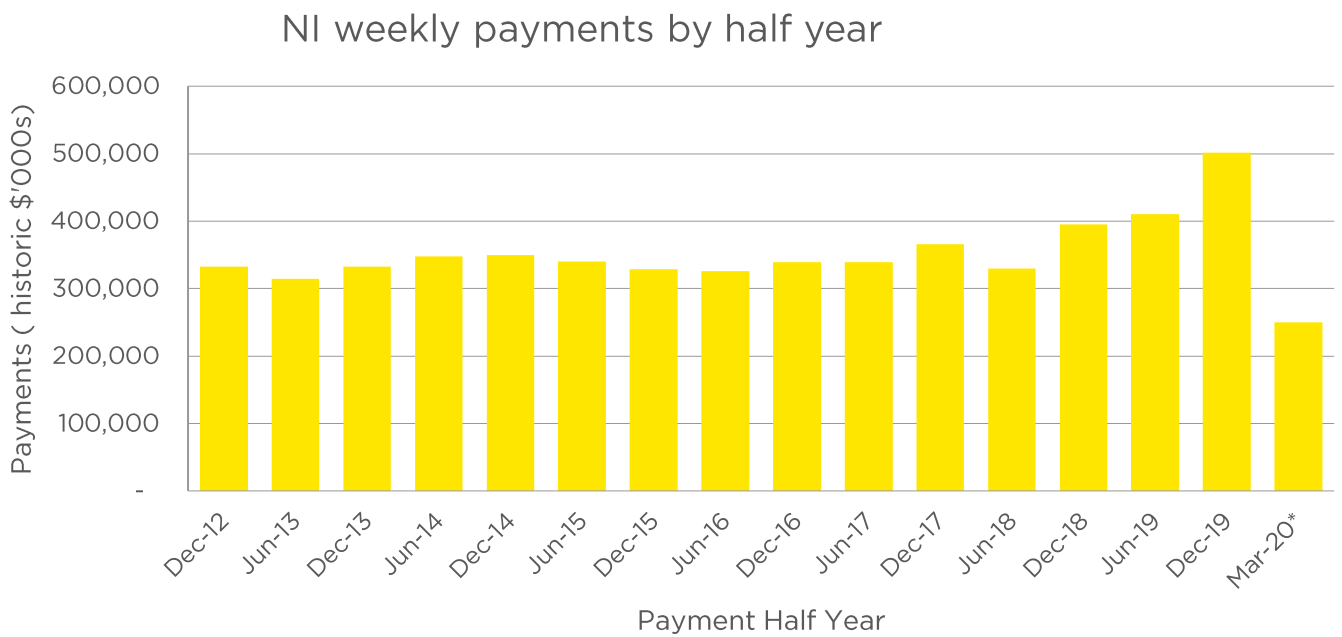
The introduction of the new claims model in January 2018 and Guidewire in February 2019 led to drops in the number of active weekly claims in development quarter 0, followed by partial corrections in the next quarters indicating that there have been processing delays due to these changes. There is a generally increasing trend year on year of the number of weekly actives from development quarters 1 and onwards.

Figure 58 NI weekly payments by accident year and development quarter (shown as a percentage of wages)



Note – data as at March 2020

Figure 59 NI weekly payments



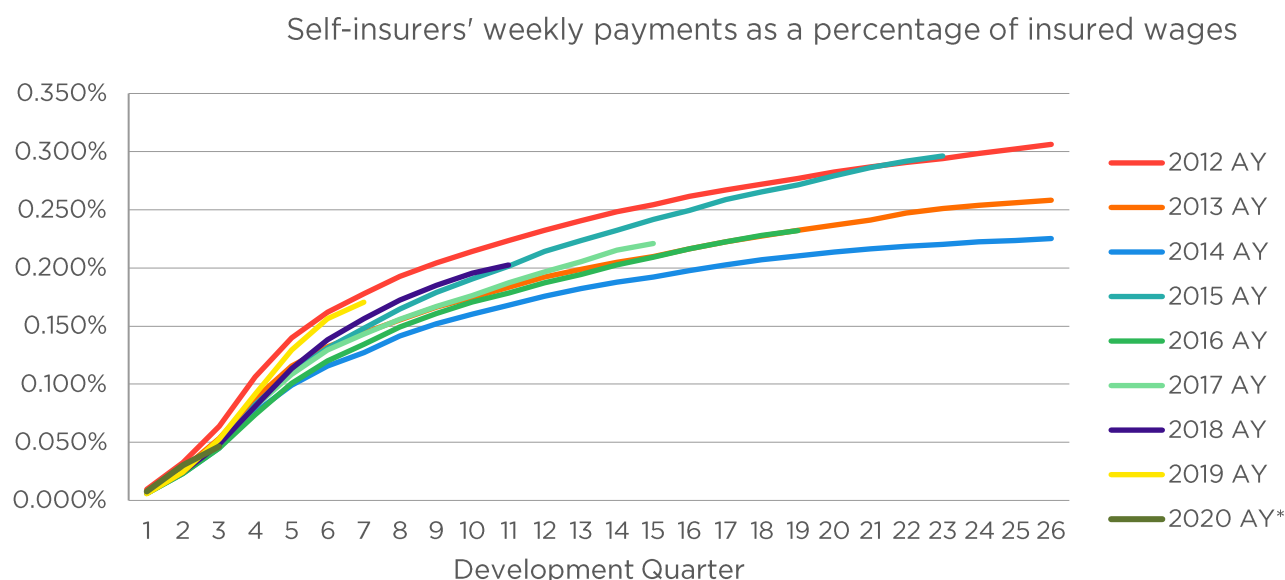
Note – data as at March 2020

## Self-insurers' weekly payments

Payments adjusted for wages exposure has been increasing for each successive accident year since 2017 with the 2019 accident year almost at 2012 levels of development.

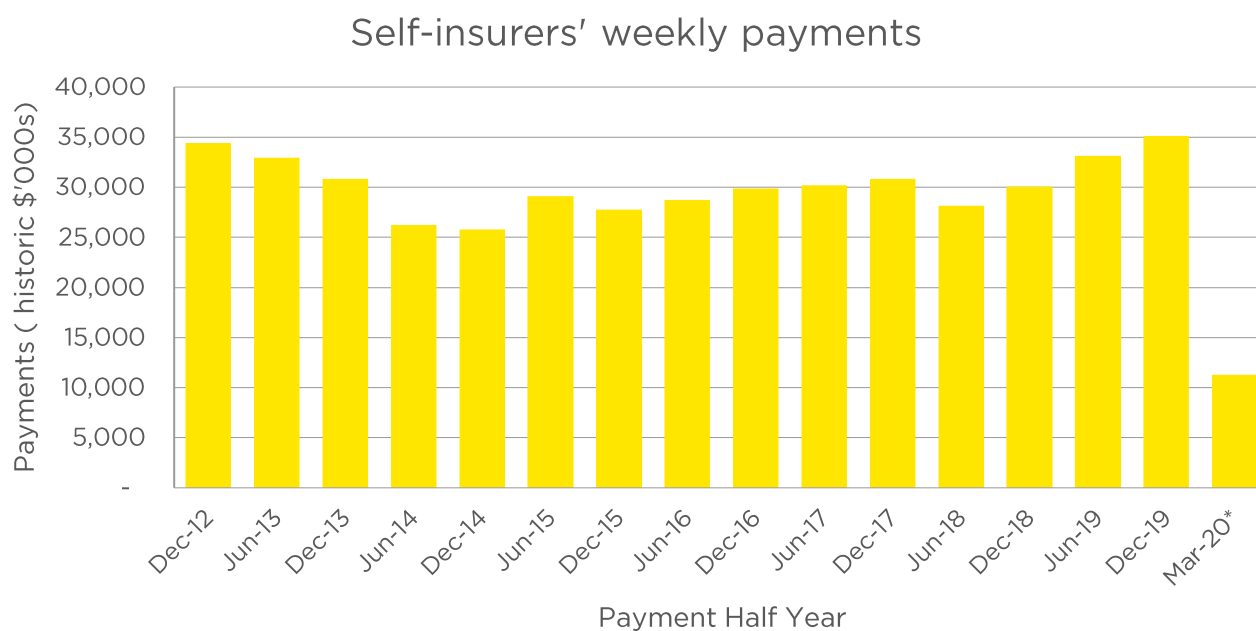
Using the payment by half year graph, weekly payments have shown an increasing trend since 2015, with the number of active weekly payments being relatively stable for both development quarters 0 and 1.

**Figure 60 Self-insurers' weekly payments by accident year and development quarter (shown as a percentage of wages)**



*Note – data as at March 2020*

**Figure 61 Self-insurers' weekly payments**



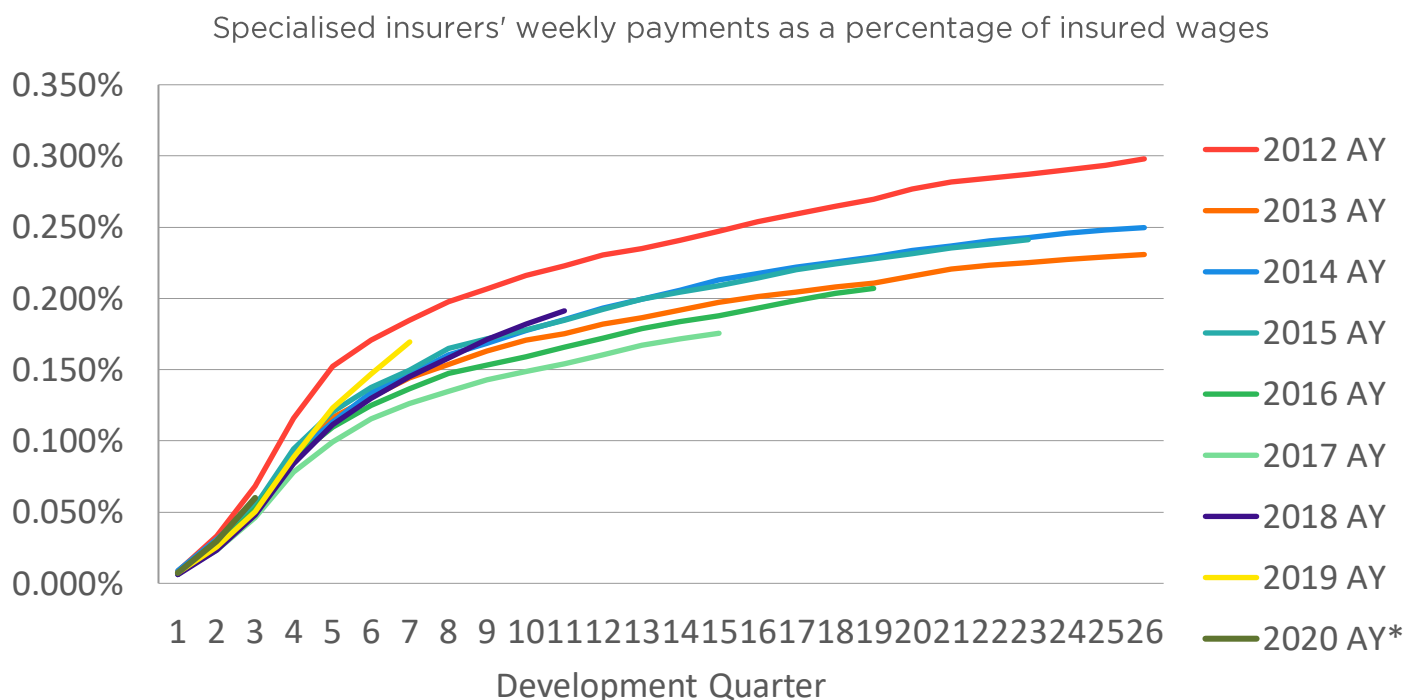
*Note – data as at March 2020*

## Specialised self-insurers' weekly payments

The total payments adjusted for wages exposure is higher for accident years 2019 and 2020 than any period post the 2012 Workers Compensation scheme reforms. The weekly payments by half year graph shows weekly payments have increased significantly since 2018.

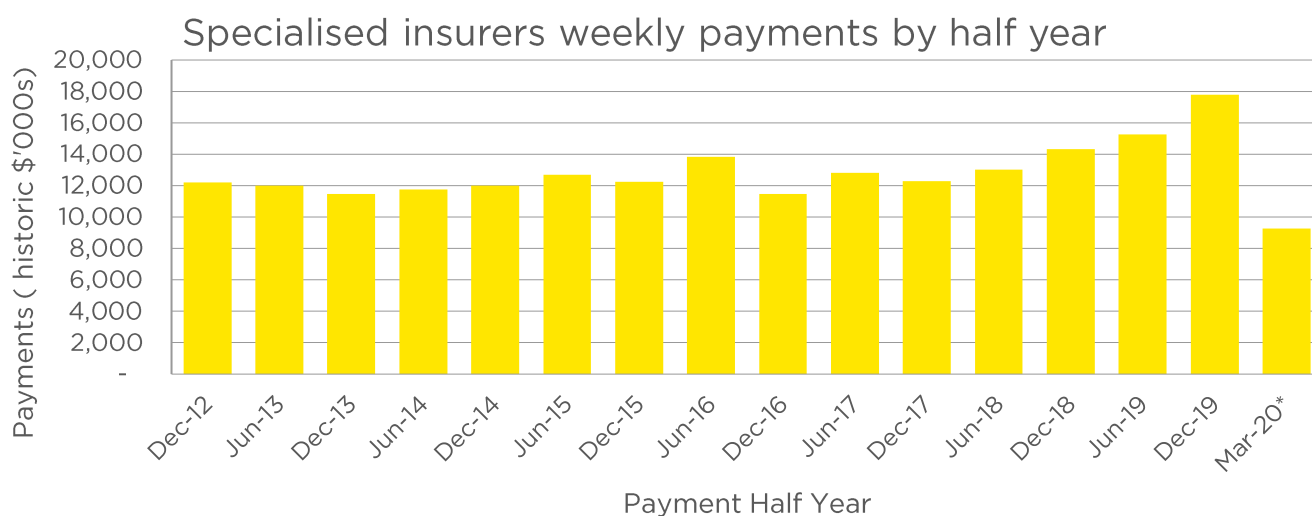
The number of active weekly payments is showing an increasing trend for both development quarters 0 and 1.

Figure 62 Specialised insurers' weekly payments by accident year and development quarter (shown as a percentage of wages)



Note - data as at March 2020

Figure 63 Specialised insurers' weekly benefits



Note - data as at March 2020

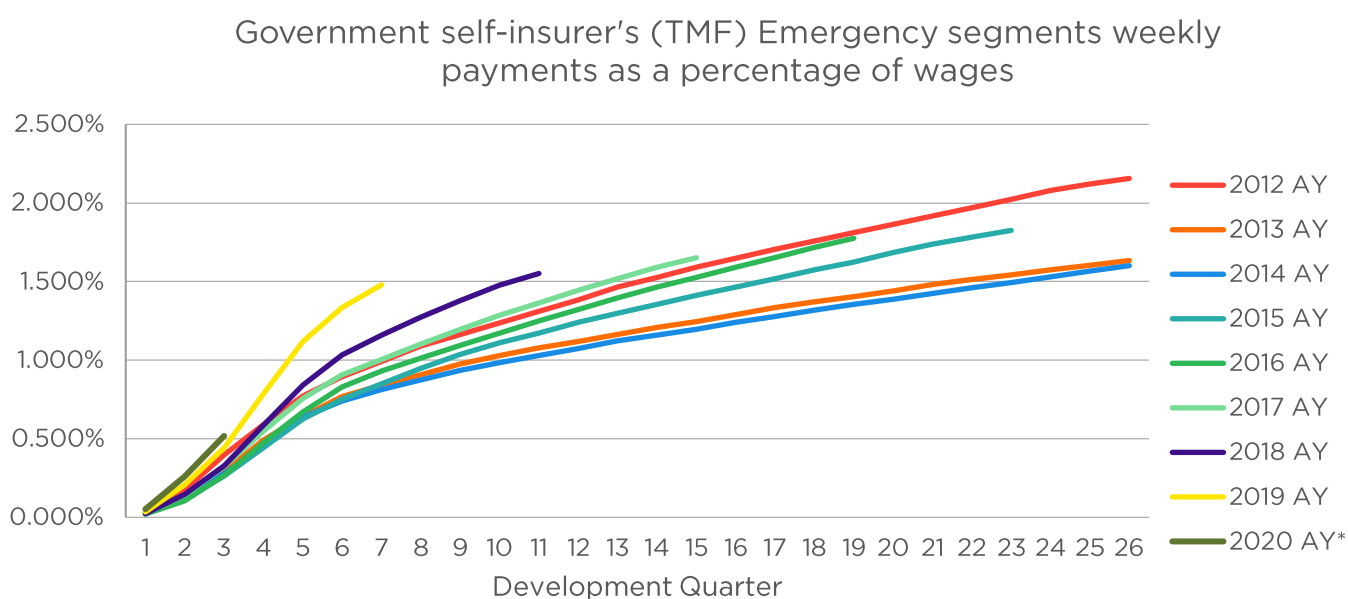
## Government Self-insurer's (TMF) Emergency segments weekly payments

The Government self-insurer's (TMF) has been divided into the emergency and non-emergency segments for this weekly benefits section as they are both quite different and warrant separation for the purposes of reviewing the weekly benefits costs escalations.

For the emergency portions of Government self-insurer's (TMF) total payments adjusted for wages exposure have been increasing for each successive accident year since 2015 with the 2020 accident year likely to be even higher than 2019.

The payments by half year graph shows an increasing trend since 2012 with the number of active weekly claims also showing an increasing trend since 2018 for development quarters 0 and 1.

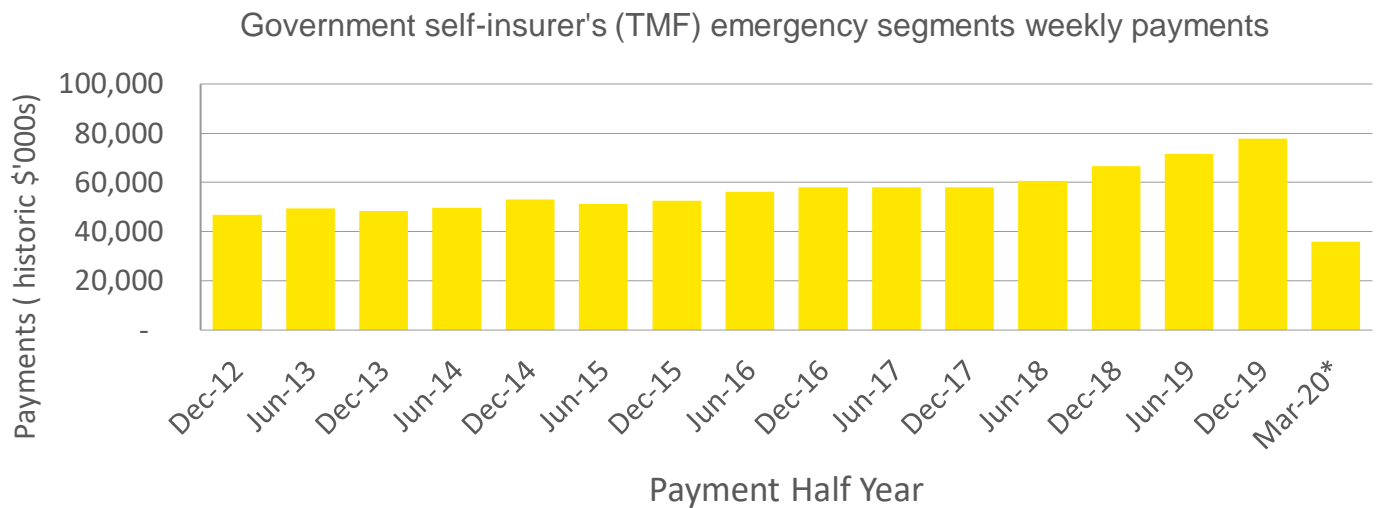
**Figure 64 Government self-insurers (TMF) emergency weekly payments by accident year and development quarter (shown as a percentage of wages)**



*Note - data as at March 2020*

## Government self-insurer's (TMF) emergency segments weekly payments

**Figure 65 Government self-insurer's (TMF) emergency segments weekly benefits**



Note – data as at March 2020

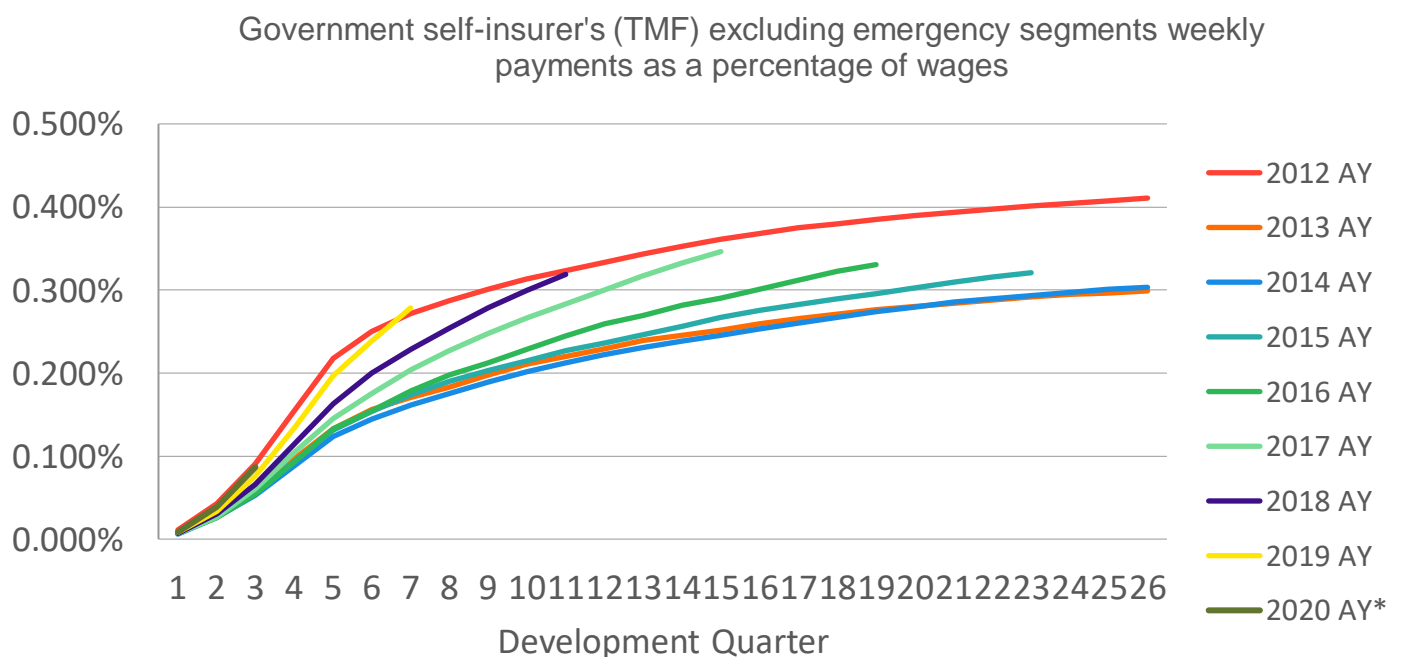
### Government self-insurers' (TMF- excluding emergency) weekly payments

The Government self-insurer's (TMF) weekly payments have been divided into the emergency and non-emergency segments for this weekly benefits section as they are both quite different and warrant separation for the purposes of reviewing the weekly benefits costs escalations.

For the segments excluding emergency portions of Government Self insurer's (TMF) total weekly payments adjusted for wages exposure have been increasing for each successive accident year since 2015 with the 2020 accident year emerging as higher than 2019 and following a similar pattern to 2012.

For the payment by half year, weekly payments have shown an increasing trend since 2017 with the number of claims with active weekly payments having been relatively stable for development quarters 0 and 1.

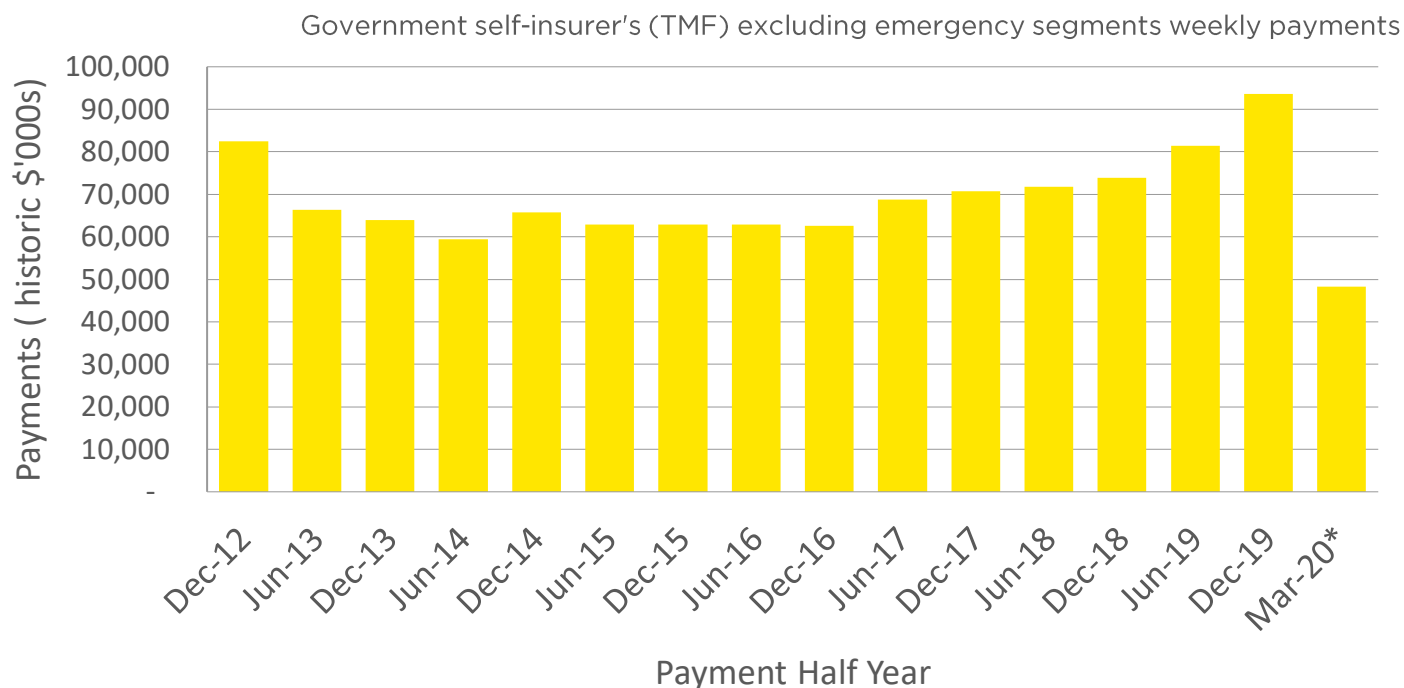
Figure 66 Government self-insurer's (TMF) emergency weekly payments by accident year and development quarter (shown as a percentage of wages)





Note – data as at March 2020

Figure 67 Government self-insurer's (TMF) excluding emergency weekly benefits



Note – data as at March 2020

## Stability of claim numbers and costs for psychological claims

Compared with 2017/18, reported psychological claim numbers in 2018/19 have increased by 13 percent whilst costs have increased by 19 percent to \$ 572 million of the total claim payments in 2018/19. Comparatively, psychological claims are generally higher in cost than other types of claims. The risks associated with both the increasing incidence of psychological claims and the associated costs escalating are significant to the sustainability of the scheme.

Figure 68 Payments for psychological injury claims

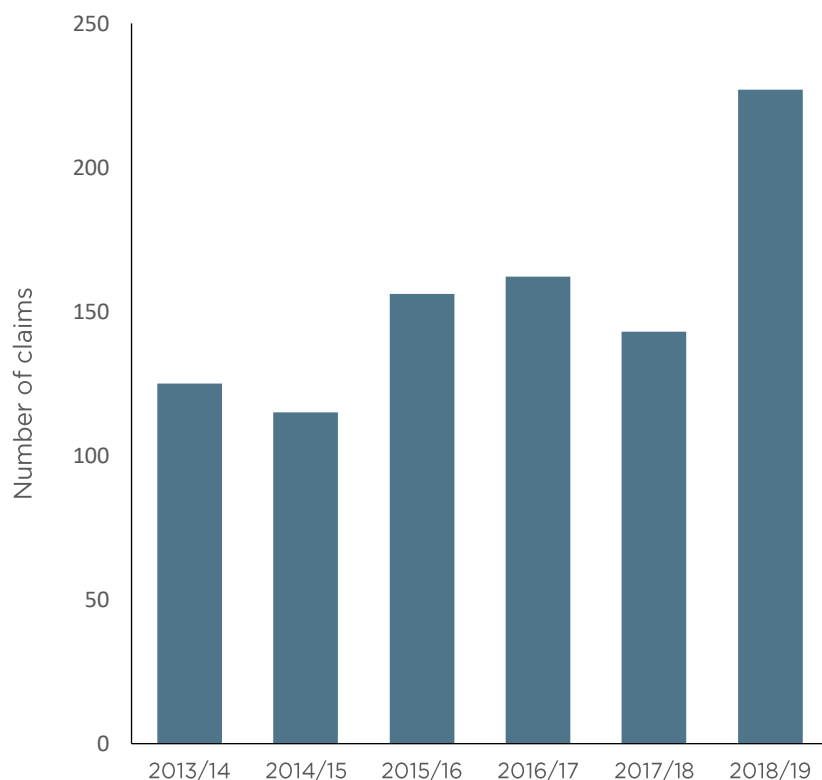


## Uninsured liability claims

Uninsured liability includes claims for workers where either the employer is uninsured, or the worker could not identify the relevant employer. While uninsured liability claims are incorporated in the claims and payments details in this report under NI, the increased risks to the system viability associated with changing work and employment practises requires monitoring.

Uninsured liability claim numbers in 2018/19 increased over the previous year by 59 percent with 227 uninsured liability claims in 2018/19 having over \$ 15.2 million in claims costs. In 2017/18 there were 143 uninsured liability claims and \$13.8 million in claim costs.

Figure 69 Uninsured liability claims (ULIS)



Uninsured liability claim numbers increased by 59 percent in 2018/19 with over \$15.2 million in claim costs

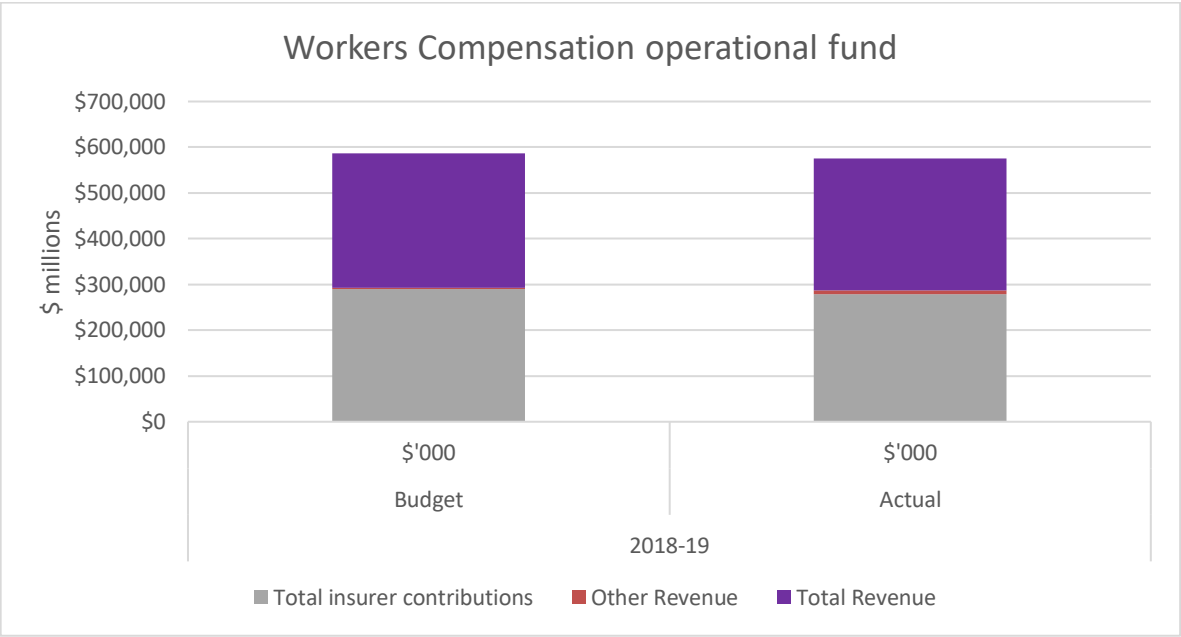
## Workers Compensation Operational Fund

SIRA has direction and management responsibilities for the Workers Compensation Operational Fund. This fund cannot be used by SIRA for any other purpose than that specified in the legislation that created the funds. More details of the operations of these funds are disclosed in the SIRA Annual Report.

The Workers Compensation Operational Fund is constituted under Section 34 of the *Workplace Injury Management and Workers Compensation Act 1998* (WIMWCA 1998). It is funded from contributions made by insurers, self-insurers and deemed insurers. The Fund meets SIRA's operating expenses in relation to its workers compensation regulatory functions as well as: payments to SafeWork NSW as the independent workplace safety regulator; payments to the Workers Compensation Commission for the determination of workers compensation disputes; and, payments to WIRO, including the grant funds for payments for legal fees approved under ILARS Grant to manage the Independent Legal Assistance and Review service (ILARS), workers enquiries and complaints.

In 2018/19 SIRA delivered below budget (18 percent) as did WIRO (13 percent) and the WCC (4 percent). However, ILARS had a budget overrun of 15 percent.

Figure 70 Workers Compensation Operational Fund status



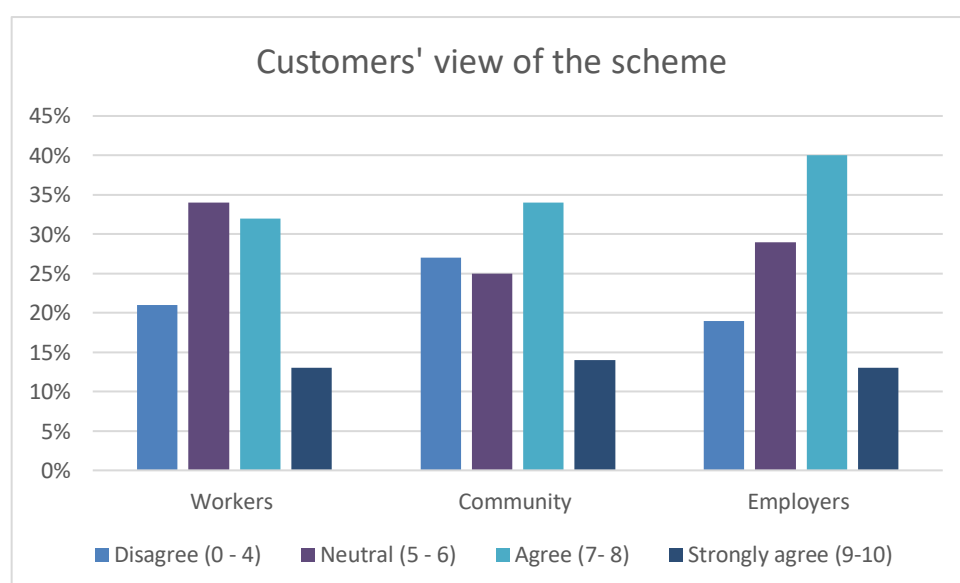
# Scheme performance - Customer experience

## Customer overall rating of the workers compensation system

In 2018, SIRA engaged an independent research organisation to conduct online surveys with the objective of identifying customer attitudes to the workers compensation system. The independent study asked customers about their satisfaction with the workers compensation system. Workers, employers and community members were asked to think about their view of the support the workers compensation system provides workers in their recovery and return to work. The survey design enabled respondents who did not have an opinion on an aspect of the scheme performance to opt out of answering a question, to ensure valid responses which were reflective of customers perceptions and experiences with the system.

Overall when asked about the scheme supporting workers in their recovery and return to work, respondents offered an average (mean) score of 6.2 on a 10-point scale.. 13 percent strongly agreed that the system supports workers in their recovery and return to work with a further 36 percent offering a 7-8 rating of agreement. The employers' cohort offered slightly higher average (mean) score of 6.3 with 53 percent either strongly agreeing or agreeing that the scheme supports workers and their return to work.

Figure 71 Customers' overall view on the workers compensation system



Q. Thinking about all aspects of the NSW compensation system, to what extent would you agree or disagree that the system supports workers in their recovery and return to work?

Sample size Total n=1102; Workers n=365, Influencers n=235, Employers n=502

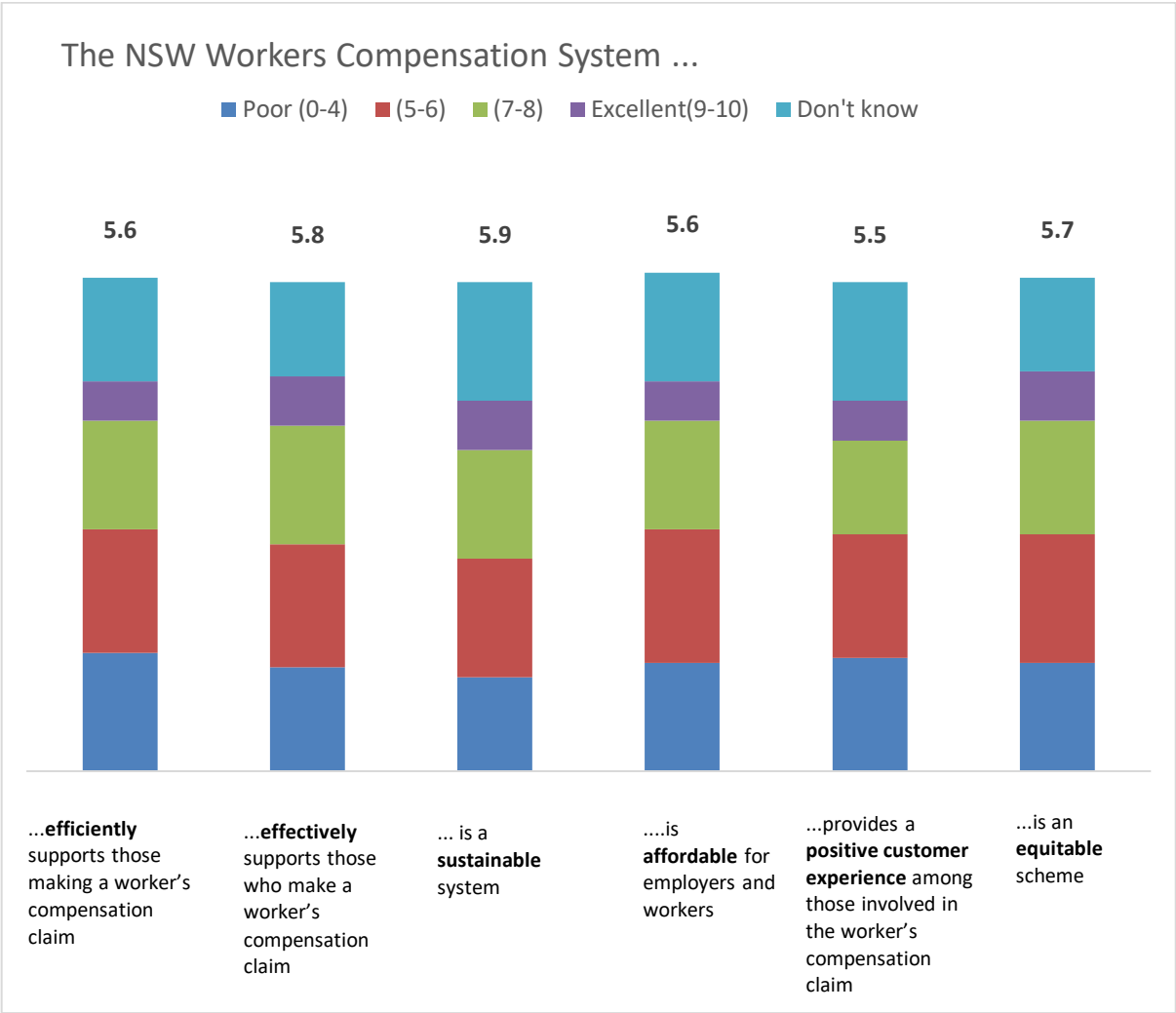
## Customers rating against the scheme performance framework

In addition to the above question the survey also sought to identify customers' (workers, employers and community members) opinions of the performance of the scheme in relation to effectiveness, efficiency, viability, affordability, equity and customer experience of the scheme. In order to ensure valid responses, the survey was designed to enable respondents who felt they did not know about a particular aspect of the scheme to opt out of the question and respond with a "Don't know" response. The three areas

respondents most often opted for a “Don’t know” response were: sustainably or viability of the scheme, customer experience when interacting with the scheme, and affordability of the scheme.

The figure below shows results for scheme customers regarding their satisfaction with the performance of the workers compensation system. These results are the average of the three customer groups, (workers, employers and community members). As shown below, from the customers’ perspective, the average satisfaction scores across the scheme was 5.6 for efficiency, 5.8 for effectiveness, 5.9 for sustainability, 5.6 for affordability, 5.5 for positive customer experience, and 5.7 for equity.

Figure 72 Customers’ satisfaction with the workers compensation system



Q: On a scale of 0-10, where 0 is ‘strongly disagree’ and 10 is ‘strongly agree’, to what extent do you agree or disagree that the NSW workers compensation system is .....

- **Efficient that is the scheme** supports those making a worker's compensation claim?
- **Effective ... the scheme** supports those who make a worker's compensation claim?
- **Is a sustainable** scheme?
- **Is affordable** for employers and workers
- **Provides a positive customer experience** for those involved in the Workers Compensation claim
- **Is an equitable** scheme

Base: Workers n=365 , Community n=235 , Employers n=502

## Employers' experience in navigating the workers compensation system

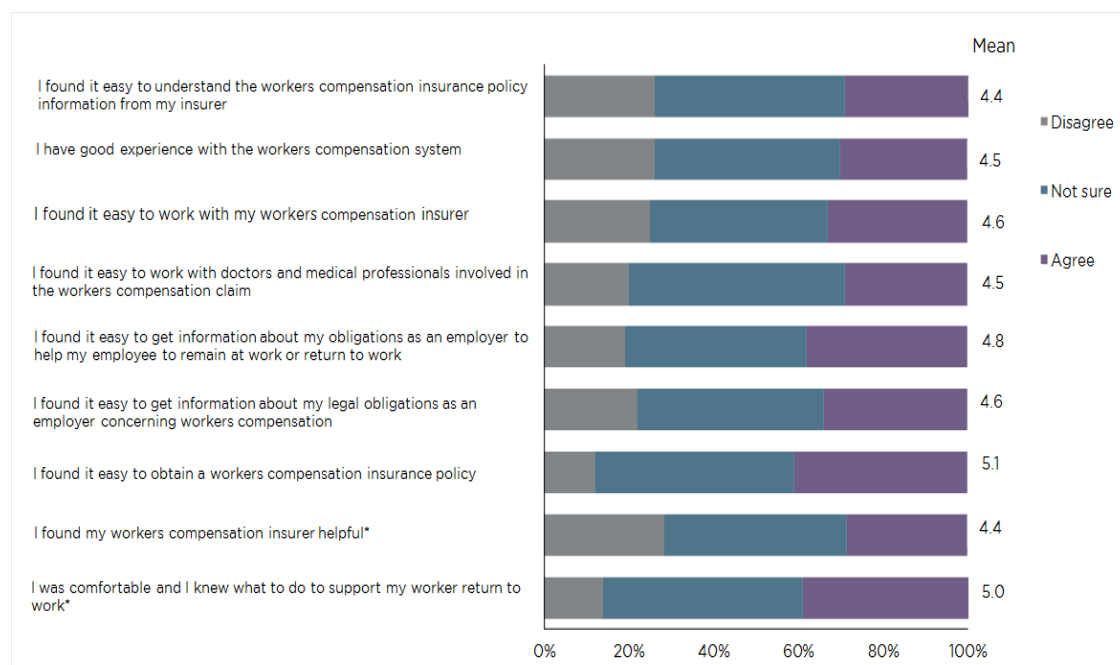
In both 2017 and 2018, SIRA explored the experiences of employers navigating the workers compensation system and procuring a Workers Compensation insurance policy. The survey was undertaken by an independent research organisation. In 2018, the sample included a comparable sample of 1,102 respondents including workers, community members, employers and employers' representatives. The figure below compares the employers' views between 2017 and 2018.

In 2018, 65 percent of employers or employers' representatives offered a 5, 6 or 7 rating out of 7 indicating they had a good experience with the workers compensation system. The most positive aspects reported about the system was the ease in obtaining a workers compensation policy (mean = 5.1) and ease in getting information about the obligations as an employer to help the employee to remain at work or return to work (mean = 4.8). Employers also responded positively that they knew what to do to support their workers to return to work (mean = 5.0).

Questions regarding employers' experience with insurers in both 2017 and 2018 were rated as the least positive experiences. For instance, the workers compensation insurance policy information provided by their insurer and the helpfulness of their insurer results both had a mean of 4.4.

In the Independent reviewer's report on the Compliance and Performance of the Nominal Insurer in the NSW workers compensation scheme, Ms Janet Dore also commented on the customer service offered by the NI to employers in relation to premium and policy information. More detail on the Dore report can be found using [this link](#).

Figure 73 Employers' experience in navigating the workers compensation system



Experience with insurers policy information and the helpfulness of insurers were rated as the least positive experiences by employers

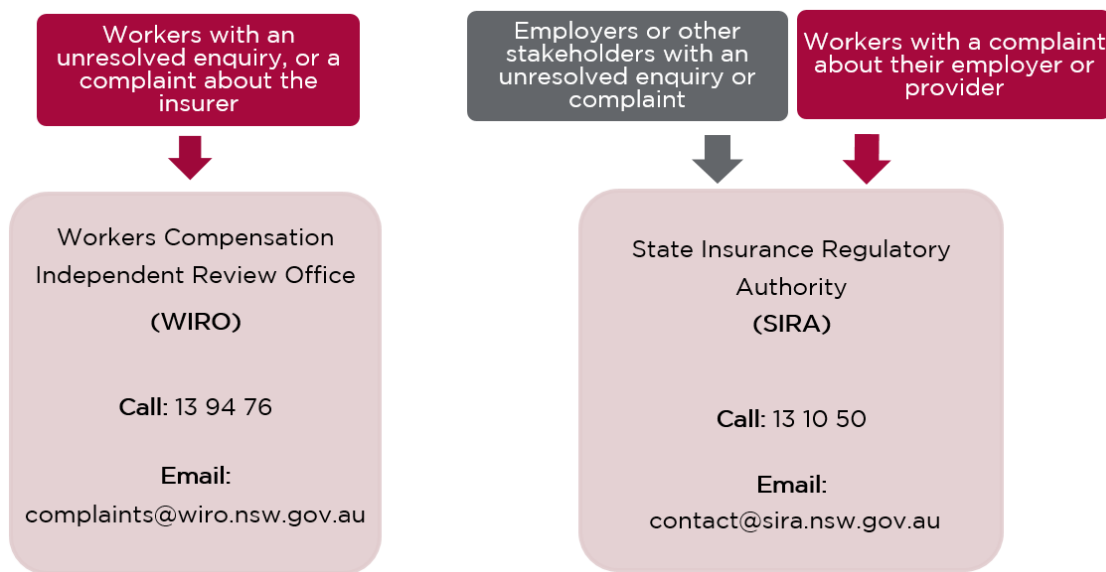
## Enquiries and complaints

The workers compensation system provides several services to support positive customer experience.

These services assist workers, employers and providers with enquiries and complaints. with the aim of providing a positive and efficient service for customers.

From January 2019 the enquiry and complaint services of SIRA and WIRO were changed. Under the new arrangements workers with an unresolved enquiry or complaint about their insurer had their calls serviced by the Workers Independent Review Officer (WIRO) whereas all other complaints including about providers or employers were actioned by the SIRA contact team.

Figure 74 The new enquiry and complaints arrangements



SIRA and WIRO use different processes to manage and record enquiries and complaints. SIRA classifies multiple enquiries and complaints by one party as one complaint, whereas WIRO classifies multiple enquiries and complaints from a single party as multiple matters as this aligns with WIROs process to manage and resolve the complaint. In addition, WIRO classifies an enquiry as something they can manage internally without input from the insurer.

SIRA and WIRO received a total of 29,102 enquiries and 6,901 complaints in the 2018/19 period. SIRA received 24,177 complaints and enquiries and the remaining 11,826 were received and managed by WIRO.

### Enquiries and complaints received by WIRO

The drivers for 49% of the 11,826 enquiries received by WIRO were as follows.

- Delays by insurers in determining liability (1136 enquiries or 10% of all WIRO enquiries for the year)
- Weekly benefits (914 enquiries or 8%).
- Denial of liability by the insurer (710 enquiries or 6%).
- Rehabilitation (596 enquiries or 5%).
- Returning to work (535 enquiries or 5%).



In addition, WIRO have recorded that 1,872 enquiries or 16% of their enquiries also included a report that communication with the insurer was also of concern to workers.

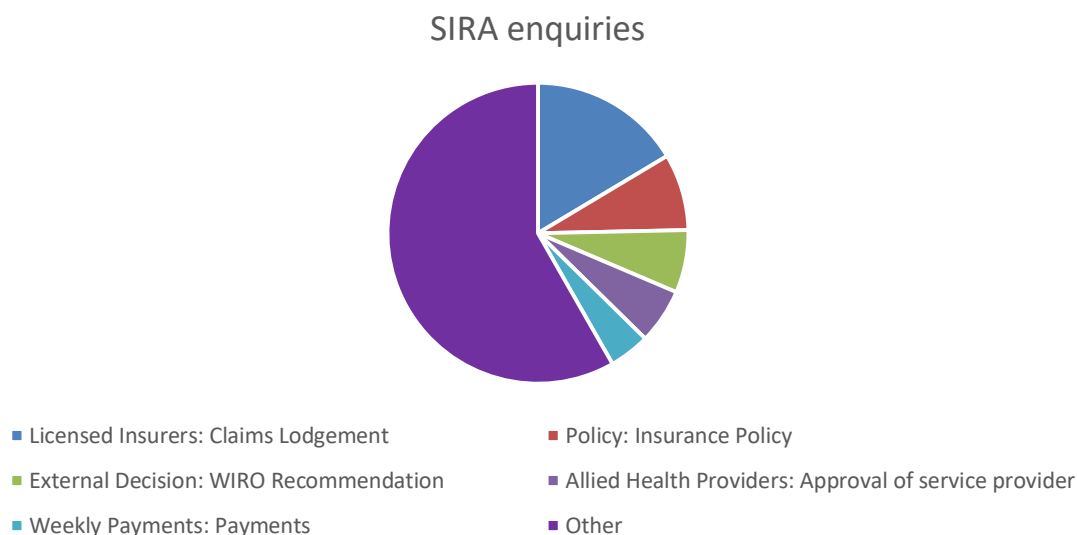
7,098 complaints were also received and classified by WIRO. The themes or drivers of 54 percent of the complaints were as follows.

- Delays in determining liability (1430 complaints or 20% of all WIRO complaints for the year),
- Delays in payments (530 complaints or 7%).
- Weekly benefits (1,291 complaints or 18%).
- Denial of liability (323 complaints or 5%).
- Section 126 (289 complaints or 4%).

## Enquiries and complaints received by SIRA

SIRA received 22,004 enquiries and 2,173 complaints in 2018/19 with the primary drivers being concerns around the lodgement of claims by insurers and issues associated with insurance policies. Issues associated with policies was also one of the things employers identified a in the SIRA survey of 2018. (see [above](#))

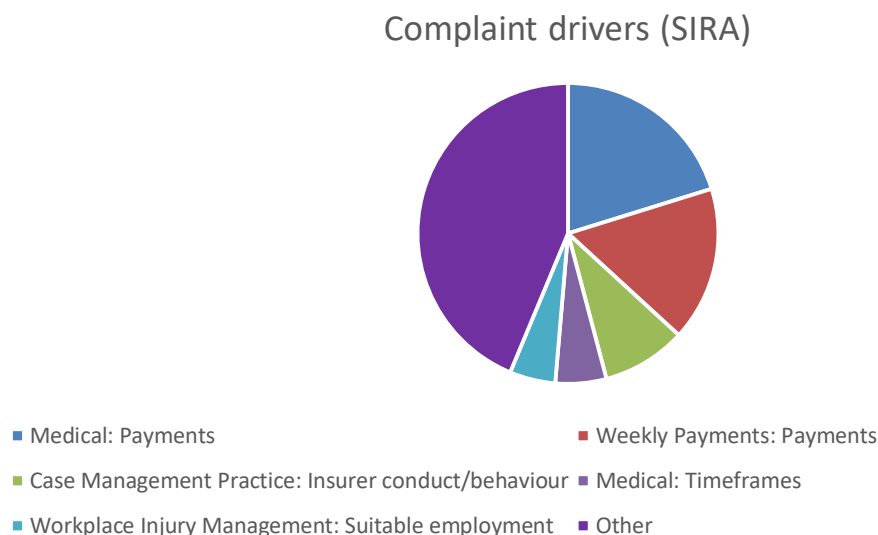
Figure 75 Enquiry drivers for SIRA's call services



## Complaint drivers (SIRA)

In addition to being the cost category with the highest escalation, medical payments and weekly payments were the highest issues driving complaints received by the SIRA customers services.

Figure 76 Complaint drivers (SIRA)



## Disputes

During the year of 2018/19 ammendments to the Workers Compensation dispute resolution arrangements were implemented. The goal was to simplify the process for customers making it fairer and more transparent.

The NSW system has two separate pathways for resolving workers compensation disputes:

- work capacity decisions disputes
- liability and other workers compensation disputes.

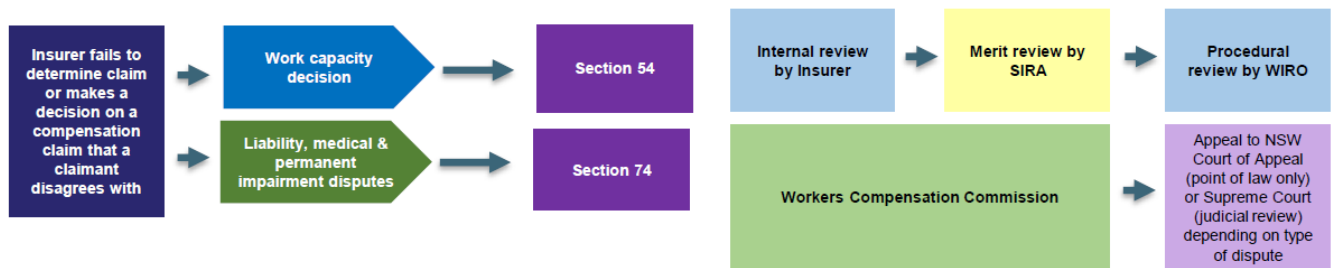
### Work capacity disputes

Work capacity disputes can now be resolved in two ways:

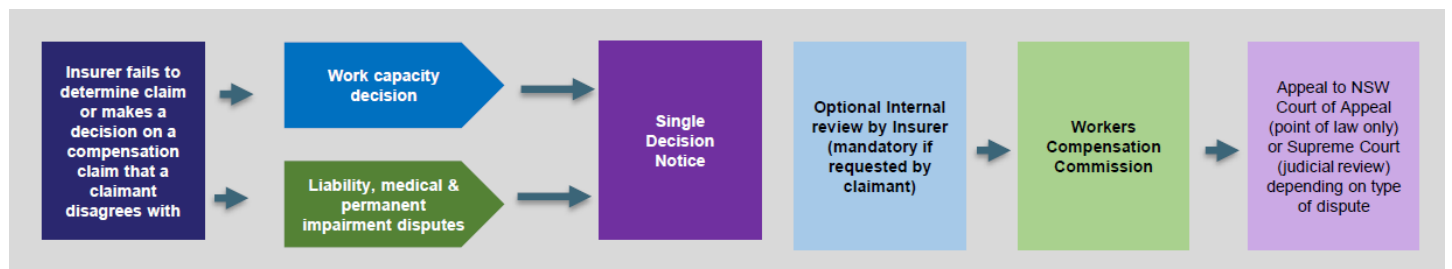
- internal review, when someone at the insurer reviews the work capacity decision (other than the person who made the original decision). These were previously mandatory before pursuing a further form of dispute resolution however these are now optional.
- merit review, when an independent decision maker at Workers Compensation Commission of NSW (WCC) reviews the insurer's work capacity decision and makes findings and recommendations that are binding on the insurer.
- Claim liability reviews are undertaken by the WCC.

Figure 77 Diagram of the pre and post January 2019 pathways for dispute resolution

### Pre January 2019 pathway for dispute resolutions services



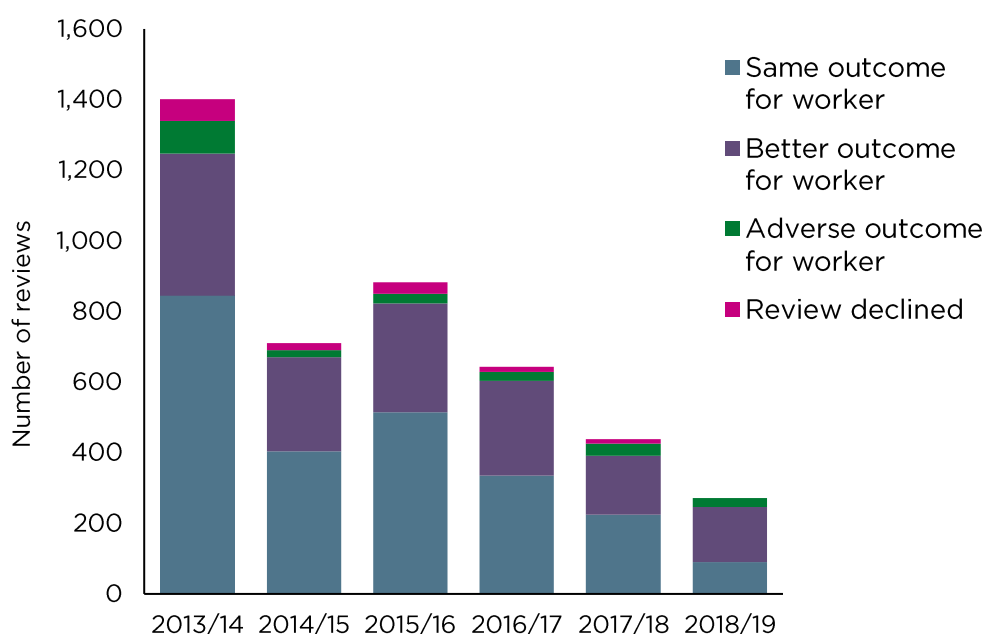
### New pathway for dispute resolution services



## Internal reviews

As part of the dispute resolution services amendments the internal review process undertaken by insurers was made optional. This change is reflected in the number of workers using this process being significantly less than the previous years. For this reason, the following information relates only to the 2018/19 financial year. Of the 271 internal reviews carried out by insurers in 2018/19, 57 percent of workers received a better outcome, nearly 34 percent received the same outcome, and 9 percent received an adverse outcome.

Figure 78 Number of internal reviews finalised by outcomes for workers



## Liability and other workers compensation disputes

### Workers Compensation Commission

The Workers Compensation Commission (WCC) is an independent statutory tribunal that has jurisdiction to deal with a broad range of disputes. The majority of the compensation dispute applications (Application to Resolve a Dispute (form 2)) involve claims for more than one type of compensation benefit, including weekly payments, medical and related treatment and permanent impairment.

In 2018/19, 65 percent of dispute applications involving statutory benefits were resolved within three months. These disputes fall into two main categories, namely:

- legal (liability) disputes, which may be lodged by any party to the dispute about entitlement to weekly compensation exceeding 12 weeks, medical and related expenses exceeding \$9,389, and all other compensation types. These disputes are resolved by arbitrators, either by settlement between the parties or determination by the arbitrator.
- medical disputes, largely concerning the degree of permanent impairment resulting from injury, which are assessed by approved medical specialists. Disputes about the degree of permanent impairment can only be lodged by an injured worker. If a medical dispute does not resolve after assessment by an approved medical specialist, it will be referred to an arbitrator for resolution, either by settlement between the parties or determination by the arbitrator.

Other compensation dispute applications may be lodged for:

- Expedited assessment (Application for Expedited Assessment (form 1)), which involves disputes for weekly compensation benefits up to 12 weeks and/or medical expenses compensation up to \$9,389. These applications are fast-tracked to a teleconference to assist with resolving the dispute quickly and efficiently. In 2018/19, 80 percent of these disputes were resolved within 28 days. Since 1 January 2019, disputes about work capacity decisions are referred to the WCC and dealt with mainly through the expedited assessment pathway.
- Management of a work-related injury (Application to Resolve a Workplace Injury Management Dispute (form 6)), relating to injury management and return to work.
- Legal costs (Application for Assessment of Costs (form 15)), mainly relating to party/party costs entitlements for exempt workers' legal representatives.

The WCC also plays a role in commutations by registering the agreement (Application to Register a Commutation Agreement (form 5A)).

In addition, the WCC assists in resolving work injury damages disputes through mediation (Application for Mediation to Resolve Work Injury Damages Claim (form 11C)). Workers are required to participate in mediation through the WCC before court proceedings can be commenced for damages. In 2018/19, the WCC held a total of 1,323 mediations, 69% of which were settled thus obviating the need for protracted litigation. The WCC also deals with medical disputes regarding threshold assessments (form 7), directions for access to information and premises (form 11), defective pre-filing statements (form 11B), and pre-filing strike out applications (form 11E).

Appeal provisions also exist in relation to certain decisions of the WCC:

**Arbitral Appeals:** a party may appeal against the decision of an arbitrator and refer the decision to the President or Deputy President for determination (Appeal Against Decision of Arbitrator (form 9)). In 2018/19, the WCC received 89 arbitral appeal applications. Presidential members determined 58 appeals and five appeals were discontinued. Overall, five percent of appealable decisions were revoked.

**Medical Appeals:** a party may appeal against a medical assessment by an approved medical specialist concerning permanent impairment (Appeal Against Decision of Approved Medical Specialist (form 10)). If the registrar is satisfied, on the face of the appeal application and submissions, that a ground of appeal is made out, the matter is referred to a medical appeal panel, comprising one arbitrator and two approved medical specialists. The registrar may refer a matter for further assessment by an approved medical specialist as an alternative to an appeal. In 2018/19, 366 medical appeal applications were lodged, and 404 medical appeals were finalised. Approximately seven percent of medical assessments by approved medical specialists were overturned on appeal.

Figure 79 Dispute numbers heard by the WCC

Application type	2015/16	2016/17	2017/18	2018/19
Application to resolve a dispute (form 2)	5,278	5,014	4,805	4,711
Application for mediation (Form 11C)	1,384	1,313	1,345	1,472
Medical appeal (Form 10)	647	458	444	366
Application for expedited assessment (Form 1)	117	86	76	60
Arbitral appeal (Form 9)	70	58	61	89
Registration of commutation (Form 5A)	47	54	40	32
Workplace injury management dispute (Form 6)	51	41	14	33
Application for assessment of costs (Form 15)	7	12	5	4
Application to strike out a pre-filing statement (Form 11E)	9	6	3	3
Disputed direction for access to information and premises (form 11)	5	4	2	3
Application to cure a defective pre-filing statement (Form 11B)	0	0	3	5
<b>TOTAL</b>	<b>7,615</b>	<b>7,046</b>	<b>6,798</b>	<b>6,778</b>

## Independent Legal Assistance and Review Service

The Independent Legal Assistance and Review service (ILARS) is funded from the Workers Compensation operating fund as reported [above](#). ILARS grants are managed by WIRO and provide workers with legal funding to have their disputes resolved. The types of disputes this

funding covers includes weekly payments, medical treatment expenses, claims for lump sum payments for permanent impairment, RTW issues and to appeal Workers Compensation Commission decisions. The primary outcomes of ILARS grant applications were as follows.

In 2018/19 there were 11,604 applications for ILARS grants lodged with WIRO of which 93 percent were accepted. The ILARS program paid approved lawyers \$57.5 million in 2018/19 being \$34.4 million for professional fees and \$22.9 million for reimbursing the law firms for medical reports, barrister fees, clinical notes and other disbursements.

## SIRA's Stakeholder engagement program

SIRA is committed to continuing to engage with our stakeholders and we meet with them regularly to provide information, seek input and identify priorities for improvement in the schemes we regulate.

Through the establishment and commitment to the Workers Compensation Tripartite, stakeholders are represented in partnerships through Employer groups, industry groups and union representatives. The objective of these partnerships is to achieve better outcomes for the people of NSW.

SIRAs regulation includes consultation and pathways for stakeholders to communicate issues and emerging trends with the Workers Compensation scheme.

In addition to enabling the communication pathways the stakeholder engagement program objectives include the following.

- Stakeholders are informed and have a channel to provide feedback and flag emerging issues and risks.
- Stakeholders are involved in policy and scheme design
- Stakeholders understand SIRA's regulatory role, responsibilities and strategic direction
- SIRA has access to stakeholders and information from peak bodies about the scheme

Some of the stakeholders SIRA engages with area as follows

Figure 80 SIRA's stakeholder engagement program



In 2018/19 SIRA consulted with stakeholders on several key workers compensation projects including:

#### **Market practice and premium guidelines**

SIRA sought feedback on the draft workers compensation Market Practice and Premium Guidelines (MPPGs) for 2018/19. These apply to all 'licensed insurers'.

#### **Review of the Nominal Insurer**

Submissions were sought to assist SIRA with its compliance and performance review of the workers compensation Nominal Insurer, icare.

#### **SIRA frameworks for non-treating health practitioners**

Feedback was sought on proposed frameworks for non-treating health practitioners in the NSW CTP scheme and workers compensation system.

#### **Claims Administration Manual (CAM): draft Standards of Practice**

SIRA sought feedback on the draft mandatory standards of practice which was added to the online Claims Administration Manual.

#### **Claims administration manual and guidelines review**

Consultation on the development and implementation of the claims administration manual and the review of the workers compensation guidelines was sought.

# Scheme performance - Equity

Customers' perception of how equitably, fairly and justly they were treated is an important measure of the performance of the scheme.

In the Abridged Return to Work Outcomes Survey: NSW Workers Compensation Scheme (2019) workers were asked about their perceptions of equity. Workers rated their experience across these three broad dimensions of equity and perceived justice:

- interpersonal justice, on whether they were treated with respect and sensitivity
- procedural justice, about the fairness of the procedures used to determine the outcomes.
- informational justice, in receiving accurate and timely information about the rationale for decisions.

Survey respondents rated their agreement with a range of specific attributes on a five-point scale. A higher mean score denotes a higher level of agreement (or a higher perceived sense of justice/fairness). For each dimension, respondents were asked to rate their level of agreement with a series of statements using a 5-point Likert type rating scale from 1 ('strongly agree') to 5 ('strongly disagree'). The mean level of agreement was calculated for each of the three dimensions. In doing so, the scale values were inversed, such that a higher mean score denotes a higher level of agreement (or, a higher perceived sense of justice/fairness).

Figure 81 Workers' experience ratings of the equity and justice in the scheme

	2019			2018		
	Procedural justice	Informational justice	Interpersonal justice	Procedural justice	Informational justice	Interpersonal justice
Scheme	4.0	3.8	4.3	3.9	3.7	4.4
Nominal Insurer	4.0	3.9	4.3	3.9	3.7	4.4
Self and Specialised Insurers	3.9	3.9	4.3	4.0	3.7	4.5
Treasury Managed Fund	4.0	3.7	4.4	3.8	3.8	4.3

Source: SIRA abridged Return to Work Outcomes survey (2019).

WC5. The next questions ask about your experience with obtaining compensation for your work-related injury or illness. I will read you a number of statements. For each statement, please tell me whether you agree or disagree that...?

Base: Nominal Insurer: 2018 (n=515-521), 2019 (n=602-613), SSI: 2018 (n=34), 2019 (n=86), and TMF: 2018 (n=87-89), 2019 (n=213-214).

Note: 2018 data includes claims submitted in 16-month period (September 2016 to December 2017).



## Procedural justice

Respondents expressed their level of agreement to 6 statements related to procedural justice. Three-quarters or more of respondents in the NSW workers' compensation scheme across both years agreed or strongly agreed with 6 statements. The statement that received the highest agreement rating in 2019 was, *"the way that the insurer has been making decisions has not been biased or prejudiced against you"* (88 percent). Agreement significantly increased by seven percentage points from 2018 (81 percent). The statement *"you have had influence over your compensation benefits recorded the largest change from 2018"* (17 percentage points).

Agreement was not as strong for the statement *"you have had influence over your compensation benefits"*. The lower level of agreement with this statement was due, in part, to a relatively high proportion of 'don't know' and 'refused' responses (15 percent in 2019 and 12 percent in 2018). That said, a relatively high proportion of 'don't know' and 'refused' responses were also recorded in the 2018 NRTWS the insurer has been collecting accurate information to make decisions (11 percent) and the way that the insurer has been making decisions has been honest (nine percent).

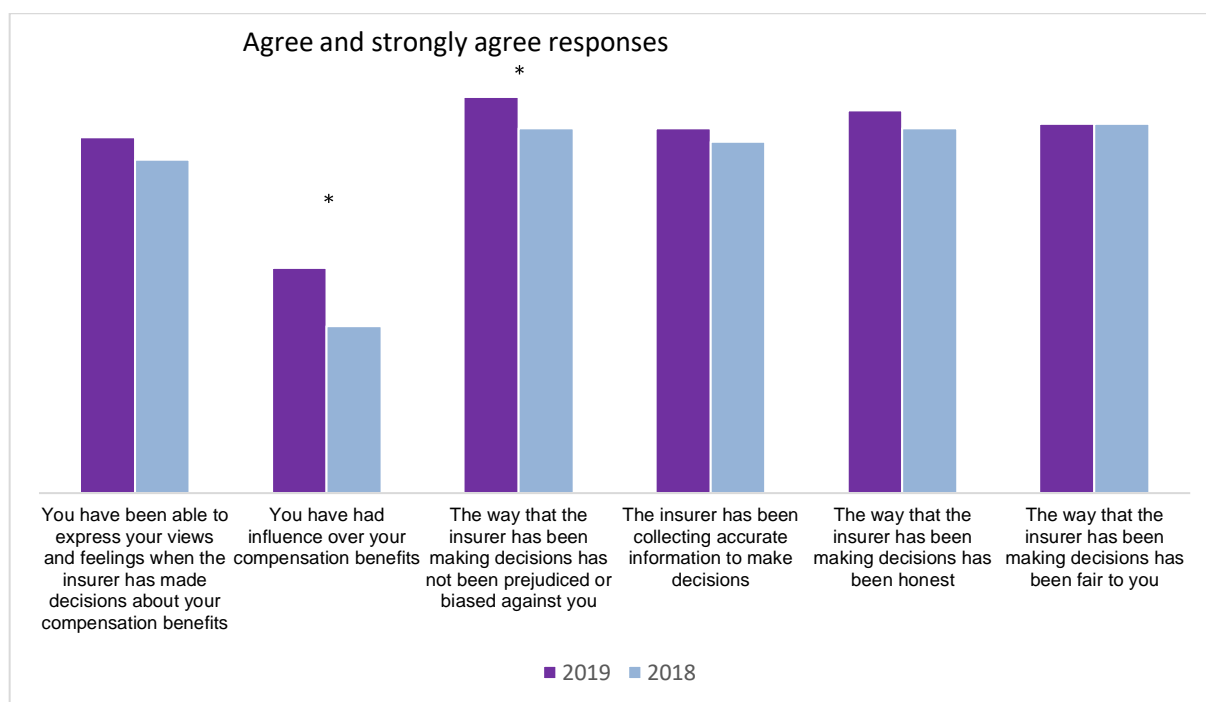
Workers receiving compensation for a mental illness reported lower levels of agreement across all six statements. Most strikingly, only 59 percent of those from the Nominal Insurer agreed or strongly agreed that the way the insurer has been making decisions has been fair to you.

The level of agreement to all six statements was also lower among injured or ill workers who had received compensation for 130 or more days. These differences are similar to the 2018 SWA NRTWS, in which it was found, at a national level, that injured or ill workers who experienced mental illness, and those with longer claim durations, reported significantly lower levels of perceived fairness as measured by the procedural justice dimension.

The following significant differences in agreement with the procedural justice statements were observed between 2018 and 2019:

- You have been able to express your views and feelings when the insurer has made decisions about your compensation benefits. Significant increases were recorded for workers with the injury type 'Other Trauma' (60 percent to 80 percent), and those with between '20 to 64 days' compensation (63 percent to 76 percent).
- You have had influence over your compensation benefits. Significant increases were recorded for workers with injury types 'Musculoskeletal disorders' (38 percent to 49 percent) and 'Other Trauma' (25 percent to 54 percent), workers with '1 to 9 days' compensation (32 percent to 56 percent). Increases were also recorded for those with claim durations between '181-270 days' (35 percent to 51 percent), and '271-365 days' (32 percent to 52 percent).
- The way that the insurer has been making decisions has not been prejudiced or biased against you. Significant increases were recorded for workers with injury type 'Other Trauma' (70 percent to 87 percent) those with '1 to 9 days' compensation (82 percent to 93 percent), and workers with claim durations between '65 to 129 days' (79 percent to 92 percent).
- The way that the insurer has been making decisions has been honest. Significant increases were recorded for workers with the injury type 'Other trauma', from 71 percent in 2018 to 86 percent in 2019.
- The way that the insurer has been making decisions has been fair to you. Significant increases were recorded for workers with '181-270 days' compensation, increasing from 80 percent in 2018 to 89 percent in 2019.

Figure 82 Customers' agreement (strong and very strong) on the scheme procedural justice



Source: SIRA abridged Return to Work Outcomes survey (2019).

WC5. The next questions ask about your experience with obtaining compensation for your work-related injury or illness. I will read you a number of statements. For each statement, please tell me whether you agree or disagree that...?

Base: National Return to Work Survey (2018) (n=648). Abridged Return to Work Outcomes survey (2019) (n=913).

'Don't know' and 'Refused' responses are NOT excluded.

Notes: 2018 data includes claims submitted in 16-month period (September 2016 to December 2017).

Asterisks (\*) indicate statistically significant difference from the previous year (p-value  $\leq 0.05$ ).

## Informational justice

Respondents expressed their level of agreement with three statements related to informational justice. These statements focused on the actions of personnel from the insurance provider, regarding their communication with claimants.

At the scheme level at least 7 in 10 respondents in 2019 agreed or strongly agreed with each of the following statements.

- The person from the insurer has provided you with the information you needed.
- The person from their insurer has carefully and completely explained the way decisions are made.
- The person from the insurer has communicated details at the appropriate times.

The statement that recorded the highest agreement rating in 2019 and 2018 was "The person from the insurer has provided you with the information you needed" (79 percent each year). The largest change in agreement between years was for "The person from the insurer has carefully and completely explained the way decisions are made" which increased 6 percentage points from 2018 (62 percent) to 2019 (68 percent).

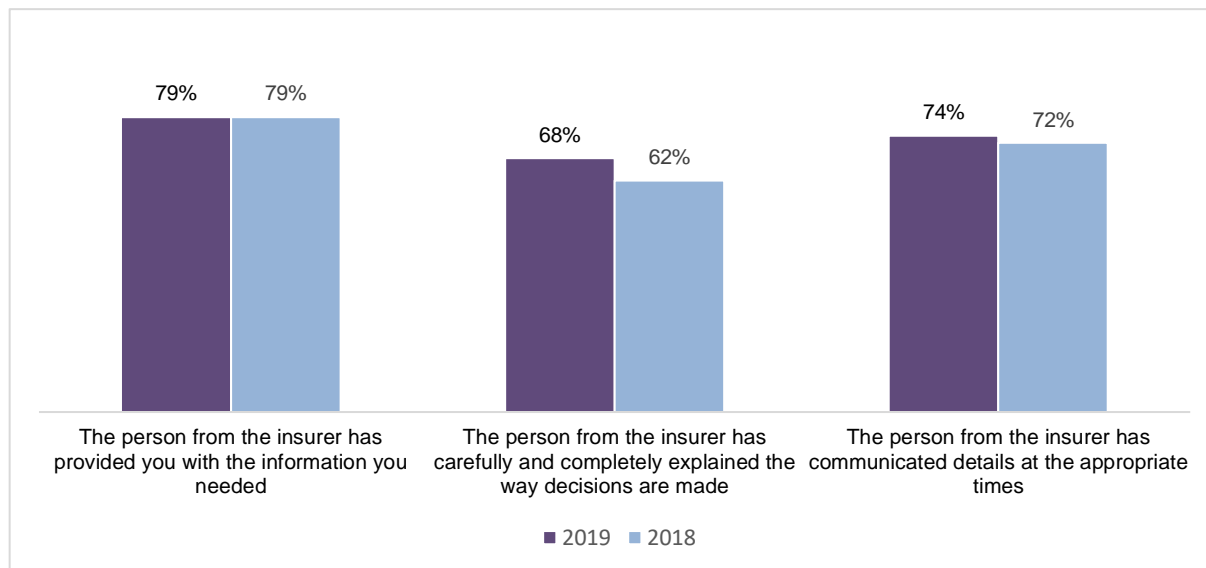
Respondents' level of agreement to each of the informational justice statements by year and insurer type are presented below. Agreement in 2019 was rated higher for the Nominal Insurer across all statements, compared to 2018. There were no significant differences in the agreement ratings of each statement between the insurer types and years.

Workers with a claim for a mental illness reported lower ratings of agreement (than those with other injury types) to all statements. Significant differences were recorded for the Nominal Insurer for "The person from the insurer has carefully and completely explained the way decisions are

made and the person from the insurer has communicated details at the appropriate times”, with agreement levels of 53 percent and 55 percent respectively.

Injured or ill workers who received compensation for 130 or more days reported significantly lower agreement ratings for all three statements. Again, this is consistent with findings from the 2018 NRTWS (at a national level).

Figure 83 Scheme informational justice



Source: SIRA abridged Return to Work Outcomes survey (2019).

WC5. The next questions ask about your experience with obtaining compensation for your work-related injury or illness. I will read you a number of statements. For each statement, please tell me whether you agree or disagree that...?

Base: National Return to Work Survey (2018) (n=648). Abridged Return to Work Outcomes survey (2019) (n=913).

'Don't know' and 'Refused' responses are NOT excluded.

Note: 2018 data includes claims submitted in 16-month period (September 2016 to December 2017).

## Interpersonal justice

Interpersonal justice statements were focused on the insurance providers services to customers and the politeness, dignity and respect offered to customers.

As in 2018, a high proportion of respondents among each insurer type agreed with each of these statements, indicating that most claimants had a positive service experience when dealing with insurers. Indeed, the ratings for this dimension were higher than the other two dimensions – this is also consistent with findings from the 2018 SWA national level RTWS.

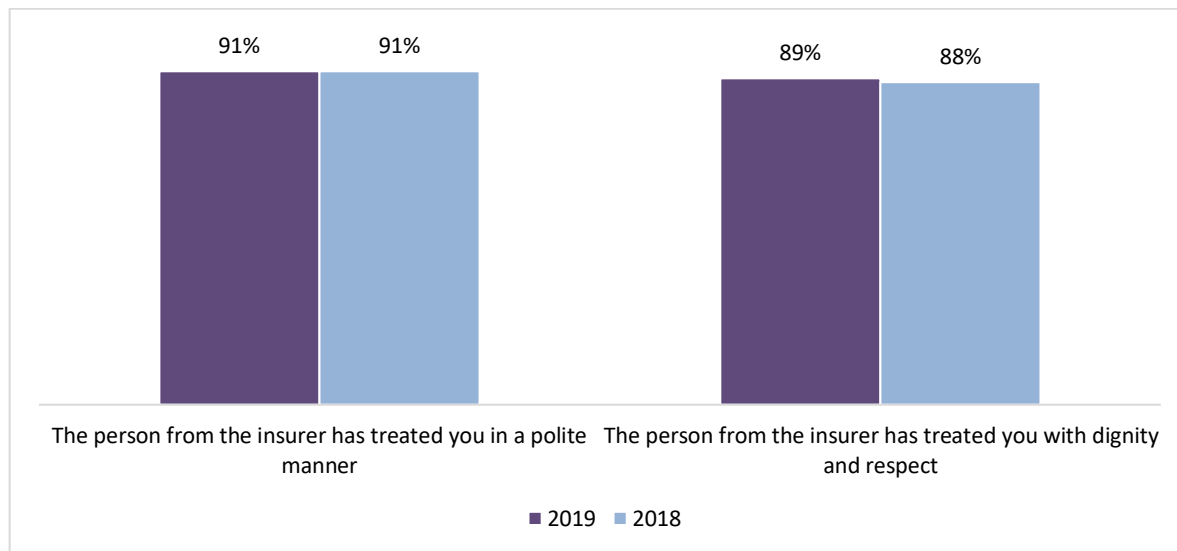
Respondents' level of agreement to each of the interpersonal justice statements by year and insurer type are presented in the following graph. A significant decrease in agreement was recorded for SSI, from 100 percent in 2018 to 90 percent in 2019 (it should be noted that this proportion is based on a small sample size in 2018). Outside of this result, between years, the level of agreement was consistent across all statements respective to each insurer type.

Unlike the procedural and informational justice ratings (where their ratings tended lower) injured or ill workers who had a claim for mental illness reported similar ratings to other injury types for both statements measured by the interpersonal justice dimension.

Injured or ill workers who had received compensation for 130 or more days reported significantly lower ratings for both statements in comparison to those with fewer days compensation. Most notably, only 74 percent of claimants in the Nominal Insurer in 2019 agreed or strongly agreed that the person from the insurer has treated you with dignity and respect. At a national level, this pattern is consistent – the 2018 NRTWS found that ratings for these interpersonal justice items were lowest among respondents with longest claim duration.

Agreement among workers with 10 to 19 days of compensation decreased from 100 percent in 2018 to 92 percent 2019. No further significant differences were recorded within the interpersonal justice statements.

Figure 84 Scheme interpersonal justice



Source: SIRA abridged Return to Work Outcomes survey (2019).

WC5. The next questions ask about your experience with obtaining compensation for your work-related injury or illness. I will read you a number of statements. For each statement, please tell me whether you agree or disagree that...?

Base: National Return to Work Survey (2018) (n=648). Abridged Return to Work Outcomes survey (2019) (n=913).

'Don't know' and 'Refused' responses are NOT excluded.

Note: 2018 data includes claims submitted in 16-month period (September 2016 to December 2017).

## Customers with multiple claims

Most customers (485,110) have made just one claim under the Workers Compensation scheme since July 2011. 134,427 customers have made multiple claims with 128,145 customers making 2 to 4 claims during the period, 5,724 making between 5 and 7 claims and 475 customers made 8 to 10 claims. There was however a minority of claimants 83 (0.01%) who had in excess of 10 claims and up to 21 claims.

SIRA closely monitors the claims reported in the system and is active in ensuring that appropriate compliance and enforcement measures are taken.

Figure 85 Customers with multiple claims

Multiple claim band	Number of customers
1	485,110
2 to 4	128,145
5 to 7	5,724
8 to 10	475
11 claims +	83

Note – data as at August 2019

## Compliance and enforcement activity - the regulators response to scheme performance

SIRA, as the regulator of the NSW Workers Compensation scheme, has undertaken several initiatives to improve the scheme including undertaking the icare Compliance and Performance review. More detail about this can be found on the SIRA website using this [link](#).

In addition to the NI Compliance and Performance review, the following is a summary of the compliance and enforcement activity from 1 July 2019. SIRA will continue to build on and improve the information over time. Key activity for the period is outlined below.

- 155 penalty notices approved for \$750 each, issued pursuant to s155 of the *Workers Compensation Act 1987*, for employers failing to take out compulsory workers compensation insurance.
- \$3.4M in additional premium raised, from employers detected by SIRA as not having workers compensation insurance.
- 4,556 additional employees now covered by workers compensation insurance (noting that icare does provide cover in the event of a business failing to have a workers compensation insurance policy).

### Providers

- 49 caution letters sent to medical practitioners/providers regarding compliance obligations.
- Seven education letters sent to insurers to leverage practitioner/provider compliance.
- One medical practitioner and one allied health practitioner subjected to SIRA site visits using powers under s238AA of the *Workplace Injury Management and Workers Compensation Act 1998* to obtain information.
- Two providers subjected to SIRA's investigative powers pursuant to s238AA of the *Workplace Injury Management and Workers Compensation Act 1998*, due to suspected duplicate invoicing, overcharging and over-servicing.
- Investigations commenced against one provider for failure to comply with SIRA inspectors under s238 of the *Workplace Injury Management and Workers Compensation Act 1998*. Potential maximum penalty of \$11,000.

### Insurers

- 86 notices issued under section 40B of the *Workplace Injury Management and Workers Compensation Act 1998* (data gathering power) to obtain information for suspected legislative breaches.
- Two insurers, Catholic Church Insurance Limited and Veolia Environmental Services (Australia) Pty Ltd, notified of SIRA's intention to impose new licence conditions.
- Catholic Church Insurance Limited was issued three penalty notices with respect to non-compliance with claims management practices within their portfolio.
- Civil penalties imposed on the Nominal Insurer in relation to 24 breaches of s267 of the *Workplace Injury Management and Workers Compensation Act 1998* (duty to commence weekly payments following initial notification of injury).

- Direction notice issued to the Nominal Insurer under s194 of the *Workers Compensation Act 1987* (directions to insurers with respect to claims procedures) requiring compliance with Return to Work data items from 1 August 2019.
- Nine formal warnings issued for breach of licence conditions pursuant to section 181 of the *Workplace Injury Management and Workers Compensation Act 1998*, in respect of the failure to provide timely and/or accurate claims data to SIRA:
  - Coles Group Limited
  - Racing NSW
  - Inghams Enterprises Pty Ltd
  - Statecover Mutual Limited
  - Toll Holdings Limited
  - Central Coast Council
  - NSW Trains
  - Boral Limited
  - Bluescope Steel Limited.
- Five notices issued under s238AA of the *Workplace Injury Management and Workers Compensation Act 1998* (notice served by an inspector, with the power to obtain information) in relation to claims information.

## Late running wages submissions

In addition, the following insurers were late in submitting wage declarations to SIRA and were put on notice that any late payment of their contributions would be considered a breach of legislative requirements:

- Ausgrid
- Austube Mills Pty Ltd
- BlueScope Steel Limited
- BOC Limited
- Campbelltown City Council
- Commonwealth Steel Company Pty Ltd
- Council of the City of Blacktown
- Council of the City of Lake Macquarie
- Fletcher International Exports Pty Limited
- Inghams Enterprises Pty Limited
- JELD-WEN Australia Pty Ltd
- Northern Beaches Council
- Northern Co-operative Meat Company Limited
- Liberty OneSteel Manufacturing Pty Ltd

- OneSteel Recycling Pty Ltd
- OneSteel Trading Pty Ltd
- Persol Australia Holdings Pty Ltd
- Southern Meats Pty Limited
- The NSW Self Insurance Corporation
- Toll Holdings Limited
- Transport Service of NSW (State Transit Group)
- Unilever Australia (Holdings) Pty Ltd
- Veolia
- Coca Cola Amatil

## Compliance with the regulatory requirement to hold a Workers Compensation Policy

Since September 2018 SIRA has undertaken a program to address the compliance issues of employers not having a current Workers Compensation policy to inform and educating employers about their requirements under the Workers Compensation Act to have a current Workers Compensation policy. The program has a range of approaches from education through to compliance and enforcement activities designed to ensure employers have a workers compensation policy to cover their workers and that employers are insured should a work-related injury or illness occur in the workplace.

The program has resulted in close to an additional 29,000 workers being protected by the scheme and \$13.3 million dollars of premiums being collected from 9,593 employers who weren't covered and weren't protecting their employees.

## Feedback

Feedback and comments on the 2018/19 *Workers compensation scheme annual performance review* are welcome and encourage. This feedback will be used to improve the review and the associated report. Please email us at: [WCRScheme\\_performance@sira.nsw.gov.au](mailto:WCRScheme_performance@sira.nsw.gov.au)

# Glossary, methodology, data notes and acronyms

Standard terms	Definitions
ABS	Australian Bureau of Statistics
Active claim	An active claim is defined as a claim with any payment within a three-month period.
Active weekly claim	An active weekly claim in each financial year is defined as a claim with any weekly payment.
Actual collection rate	The amount of premium actually received or collected for a financial year.
Affordability	<p>A reflection of the cost of premiums for workers compensation as a percentage of the total premium payable.</p> <p>The premium value used for the Nominal Insurer is calculated as total premium payable for the dust disease levy and mine safety levy. The premium for self-insurers is deemed to be the total premium payable for the dust disease levy and mine safety levy covered multiplied by the premium rate applicable for the appropriate industry class.</p> <p>The premium for Government self-insurers (TMF) is the value of the deposit contribution to the Compensation Agency. The premium for specialised insurers is the gross written premium, net of GST, dust disease levy and mine safety levy.</p> <p>Premium information is updated annually.</p>
Amber risks	Amber or medium risk is defined as where a risk has been identified but SIRA has determined that the scheme is limited and SIRA has deemed that a regulatory response is not currently warranted in the area of concern.
Anticipated collection rate	The amount of premium expected to be collected for a forecast financial year.
ANZSIC 2006	<p>The 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) provides data about businesses - by enabling grouping of business units carrying out similar production activities. ANZSIC 2006 provides a contemporary and internationally comparable industrial classification. A whole range of 'new economy' activities have been recognised, including: Internet publishing, provision of Internet access services, computer retailing and communication equipment.</p> <p>Further information available on the Australian Bureau of Statistics website searching for ANZSIC 2006 at <a href="https://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/7CFE0B0CDD60BA53C">https://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/7CFE0B0CDD60BA53C</a>.</p>
Benefits paid directly to workers	Includes weekly payments, common law, s66, death benefits, commutations and miscellaneous payments.
Benefits paid for services for workers	Includes medical costs, allied health services e.g. rehabilitation payments to support workers.
Bodily location	The bodily location of injury/disease classification identifies the part of the body affected by the injury/disease.



	Bodily location of injury/disease uses the <i>Type of Occurrence Classification Scheme</i> , Safety and Compensation Council, Canberra 2008.
Case Management Practice: Insurer conduct / behaviour	Where there is a general enquiry or complaint about insurer behaviour or conduct e.g. the claim is managed by the insurer.
Cessation of weekly benefits	The cessation of weekly payments rate or the lost time rate is calculated as the proportion of employees who had any type of weekly benefits (full or current) who are off weekly benefits at the month following the claim was reported in the reference financial year, allowing for a development period of three months for the 13-week measure, three months for the 13-week measure, six months for the 26-week measure.
Claim (S)	<p>Means a claim for workers compensation or work injury damages that a person has made under the <i>Workplace Injury Management and Workers Compensation Act 1998</i>.</p> <p>The injury or illness may be physical or psychological, but employment must be a substantial part of the person's life for injury for compensation to be payable.</p> <p>Note that police officers, paramedics, fire fighters, volunteer bush firefighters and emergency services volunteers may be able to claim for injury suffered during journeys to and from work.</p> <p>This report includes claims from workers whose employer was uninsured. Where a substantial part of the claims of uninsured employers are included with the Nominal Insurer segment.</p> <p>This report excludes claims for:</p> <ul style="list-style-type: none"> <li>dust diseases. These are administered by the Dust Diseases Authority</li> <li>workers who are self-employed, i.e. sole traders and partnerships</li> <li>employees of the Australian Government</li> <li>NSW Police Force workers recruited prior to 1 April 1988 and those deemed to be members of the Police Force</li> <li>non-reportable claims</li> </ul>
Claim incidence rate	The number of claims per 1,000 employees in NSW using annual total number of employees provided by Safe Work Australia based on ABS source data files. The number of employees in year 2017/18 is a projected total based on the last six years.
Claim types	Claims reported in the reporting month, classified as either 'psychological injuries' for psychological injuries' for all other claims.
Common law (WID)	<p>Lump sum payments for damages and common law legal expenses incurred by the worker under part 5 Common Law remedies, sections 149 to 151AD, Workers Compensation Act 1987 and the Workplace Injury Management and Workers Compensation Act 1998. No. 86.</p> <p>WID stands for 'Work injury damages' and this term is used interchangeably with 'common law'.</p>
Commutation	The actual gross amount of commutation awarded or agreed upon for the claim. This occurs when the commutation of the claimant's right to compensation has been made by the insurer. It is made to an injured worker in place of continuing weekly compensation award and funded pursuant to part 3, division 9 Commutation of compensation, sections 87D to 87K, Workers Compensation Act 1987.
Comorbidity	Comorbidity is the presence of one or more additional diseases or disorders co-occurring with a primary disorder.

	<p>In relation to the RTW survey, comorbidity refers to the worker having one or more conditions occurring with their work-related injury or disease.</p> <p>SWA 21018 RTW survey respondents were read a list of 10 conditions from the Charlson Comorbidity Index to indicate whether they had been diagnosed with any of these 10 conditions in addition to their current illness. Respondents were also asked if they had been diagnosed with any other conditions.</p>
Complaint data	<p>Is derived verbatim from reports from customers. Whilst some data cleansing processes have been applied to WIRO the reporting is verbatim from customers and may from time to time reference specific types.</p> <p>The number of complaints received in the reporting period.</p>
Compliance promotion and assurance	<p>The count of individual cases within the reporting period that SIRA has undertaken activities to promote compliance. These include proactive compliance assurance activities and assessments of referred cases.</p>
Community members	<p>This refers to the <i>SIRA theory of planned behaviour survey</i> and the customer segments identified as members of employer or workers.</p>
Contributions	<p>The premium value used for government self-insurers (TMF) in this report is the total value contributed by each member agency.</p>
Customer Service: Behaviour	<p>Where the customer is dissatisfied with the behaviour of any stakeholder involved in the claim process, insurer or provider.</p>
Customers	<p>Customers of the scheme are injured at work and employers who are the purchasers of workers compensation insurance.</p>
Death payments	<p>Funeral expenses, weekly payments for dependent children and lump sum payments to the deceased worker, pursuant to the <i>Workers Compensation Act 1987</i> No. 70 and <i>Workers Compensation (Diseases) Act 1942</i>.</p>
Dispute rate	<p>The number of disputes lodged (internal review, merit review and workers compensation review) in the reporting period divided by the number of active claims as at the end of the same reporting period.</p>
Distributive justice	<p>The worker's perceptions of the fairness of what they received as compensation. Justness is defined as compensation benefits being distributed with recognised allocation rules related to the worker's injury.</p>
Durable RTW rate	<p>The durable RTW rate is the percentage of workers who have had at least one day off work due to a work-related injury/disease and who have returned to work in any capacity for at least three consecutive months, measured at 12 months from the date the claim was entered into the insurer system.</p> <p>As an example, if there were 100 workers with at least one day off work and 80 of those workers returned to work in any capacity within the 12 months and continued working in any capacity for three consecutive months, the durable RTW rate would be 80 percent.</p> <p>The durability rate allows for a 12-month development period to determine whether the worker has returned to work in any capacity for at least three consecutive months.</p> <p>Claims relating to workers who have died and workers who have retired are excluded from the durable RTW rate.</p>
Enquiry	<p>An enquiry is defined as a customer call regarding information or advice that is generated from the public or media.</p> <p>The number of enquiries received in the reporting period.</p>

Escalated enforcement and fraud	The count of individual cases within the reporting period that SIRA has undertaken an alleged fraud or escalated matters consideration for an enforcement response.
ESI	Employee Safety Incentive
Fatality	<p>Fatalities are employment injuries and diseases resulting in the death of the injured worker or workers killed at work or when a worker subsequently dies of injuries received at work.</p> <p>Fatalities include notifications of work-related injuries and liability accepted claims.</p> <p>Fatalities exclude liability denied claims, claims with no action after notification, and claims with a reasonable excuse.</p> <p>This report counts the fatality in the year the claim was entered into the insurer's system, even if the workers compensation claim was originally reported as non-fatal. The historical fatality count may differ to those in this report due to changes in liability status.</p> <p>For fatalities which resulted in more than one claim e.g. from family members or dependants, the first claim is the purpose of reporting.</p>
Fatality incidence rate	The number of claims per 100,000 employees in the NSW workers compensation system divided by the number of employed people in NSW jurisdiction provided by Safe Work Australia based on the number of employed people in NSW in financial year 2016/17 is a projected total based on the historical series.
Forecast	The forecast position for financial year 2018/19.
Gig economy	The "gig economy" refers to employment practices where workers pick up jobs from a platform or app, refers to a one-off job or gig that someone gets paid to do on a casual basis.
Green risk	<p>Green risk or low risk is one defined as where a risk has been identified and assessed as low risk under the scheme.</p> <p>SIRA continues its normal regulatory activities in these areas.</p>
Gross written premium	The premium value used for specialised insurers in this report.
GST	Goods and services tax
Group self-insurers	A group self-insurer is the holder of a Group self-insurers' licence and encompasses a self-insurer endorsed on its licence.
IGF	Insurers' Guarantee Fund
Informational justice	Informational justice refers to receiving accurate and timely information about the regulatory process.
Injury Financial year	The financial year in which the injury occurred. Starts on 1 <sup>st</sup> July and ends on 30 <sup>th</sup> June.
Insurer expenses	Includes administration and operating expenses, regulatory costs, investigations, insurance, and other costs.

Insurer segment	Insurer segment refers to the general grouping of insurers into segments and includes and insurers: Nominal Insurer, self-insurers (non-government self-insurers), specialised self-insurers).))
Internal review	An internal review is a review of the work capacity decision by someone within the insurer who made the decision. The source of information for the number of internal reviews is the insurer's internal review data.
Interpersonal justice	Interpersonal justice and equity refers to the worker's perceptions of whether they were treated with sensitivity.
Investigation	Payments for insurer and worker investigation expenses, pursuant to sections 9A, 11A, 11B, <i>Workers Compensation Act 1987</i> No. 70, <i>Workplace Injury Management and Workers Compensation Act 1998</i> No. 86.
Investigation payments	Payments for insurer and worker investigation expenses, pursuant to sections 9A, 11A, 11B, <i>Workers Compensation Act 1987</i> No. 70, <i>Workplace Injury Management and Workers Compensation Act 1998</i> No. 86.
JPPOC	Joint Premium and Prudential Oversight Committee
JCAC	Joint Claims Assurance Committee
Justice	<p>The Perceived Justice of the Compensation Process series of measures is a scale used to measure the perceived fairness of their workers compensation experience.</p> <p>The Abridged Return to Work Outcomes Survey: NSW Workers Compensation Scheme measures three dimensions (procedural justice, information justice, and interpersonal justice).</p> <ul style="list-style-type: none"> <li>procedural justice, about the fairness of the procedures used to determine the outcome</li> <li>informational justice, in receiving accurate and timely information about the rationale for the decision</li> <li>interpersonal justice, on whether they were treated with respect and sensitivity</li> </ul> <p>For each dimension, respondents were asked to rate their level of agreement with a statement on a 5-point Likert type rating scale. A higher score denotes a higher level of agreement, or a higher level of perceived fairness.</p>
Legal	<p>Legal expenses incurred in handling the claim and those incurred by the claimant, pursuant to sections 337, 338 and 339, <i>Workers Compensation Act 1987</i> No. 70 and sections 337, 338 and 339, <i>Workplace Injury Management and Workers Compensation Act 1998</i> No. 86.</p> <p>Legal costs reported in this report include Independent Legal Assistance and Review costs.</p>
Level 1 complaints	A level 1 complaint is defined as a complaint received by frontline staff where an insurer's Customer Advisory Service on behalf of the complainant.
Level 2 complaints	A level 2 complaint is an escalation of an unresolved level 1 complaint.
Lump sum (S66 and S67)	Section 66 payments are lump sum payments for the permanent loss or impairment of a limb, or severe facial or bodily disfigurement, including interest, pursuant to Section 66 of the <i>Workers Compensation Act 1987</i> and as provided by the Table of Disabilities or whole person impairment (WPI) assessment. Payable.
Market share	The proportion of total wages reported as insured by the insurer segment.

Mechanism of incident	<p>The mechanism of incident is the action, exposure or event that best describes the cause of the most serious injury or disease.</p> <p>Mechanism of incident applies to claims entered into the insurer's system on or after 1 July 2018. Occurrence Classification Scheme, 3rd Edition (Revision 1) Australian Safety and Compensation Council, Canberra 2008.</p>
Medical	Payments for ambulance services, medical treatment, hospital treatment, physiotherapy, prosthetic treatment.
Medical: Liability	Process /communication to determine liability including any reference to reasonably prudent person entitlement periods e.g. medical entitlements have not been approved and the worker has not received the relevant communication.
Medical: Timeframes	A worker has made a claim for medical treatment, but the request has not been responded to within the timeframes i.e. a decision has not been made within 21 days.
Merit review	A merit review is undertaken by an independent decision maker at SIRA who conducts a review of the work capacity decision and outlines findings and recommendations. These reviews are final.
MPPGs	Market practice and premiums guidelines
Nature of injury / disease	<p>The nature of injury/disease classification is intended to identify the type of hurt or harm. The hurt or harm could be physical or psychological.</p> <p>Nature of injury/disease uses the <i>Type of Occurrence Classification Scheme</i>, 3rd Edition (Revision 1) Australian Safety and Compensation Council, Canberra 2008.</p>
Net premium	The premium value used for the Nominal Insurer in this report, calculated as total premium less discounts.
Nominal Insurer	The Nominal Insurer was established by division 1A of part 7 of the 1987 Act.
Non-reportable claims	A claim is non-reportable if it has no payments and a nil estimate. Non-reportable claims include non-reportable claims and claims with no action after notification if there is no associated net incurred costs.
NSW system/scheme	The NSW workers compensation scheme includes all insurer segments: Nominal Insurer, self-insurers and specialised insurers. Uninsured liability claims covered by the NSW workers compensation scheme have been included with the Nominal Insurer in this report.
Number of workers receiving weekly benefits per month	Number of injured workers receiving weekly benefit payments excluding Section 39 of the 1987 Act as at June 2018.
Occupational diseases	<p>Occupational diseases are diseases contracted or aggravated in the course of employment where employment was a contributing factor. Occupational diseases are distinguishable from related injuries by at least one of the following characteristics:</p> <ul style="list-style-type: none"> <li>the slow and protracted nature of its cause</li> <li>the result of a single traumatic event (for example, the development of hepatitis from a single blood transfusion or the development of conjunctivitis after being exposed to a welding flash)</li> <li>repeated or continuous action of a mechanical, physical or chemical nature, not the result of a single cause acting imperceptibly and constantly (for example, loss of hearing as a result of prolonged exposure to noise)</li> <li>the uncertain time of its beginning</li> </ul>



	<ul style="list-style-type: none"> <li>a possible predisposition to the development of the condition.</li> </ul> <p>Occupational diseases do not include dust diseases, as defined by the <i>Workers Compensation Act 1987</i> (except in the case of a worker employed in or about a mine to which the <i>Coal Mines Workers Compensation Act 1987</i> applies) or the aggravation, acceleration, exacerbation or deterioration of dust diseases, as so defined in the <i>Workers Compensation Act 1987</i> No. 70).</p>
Other payments	Payments for repair to or replacement of artificial limbs and clothing as a result of the injury, any approved interpreter service for English language assistance to the claimant, travel costs related to travel costs incurred by the worker and shared claim payments.
Payments	Payment information in this report is presented in original dollar values with no indexation. Payments under the compensation scheme are subject to a variety of potential inflationary factors including changes in fee schedules, statutory benefit indexation and general price inflation. As there is no indexation, potential factors, costs have been shown in their original dollar values for simplicity.
Payments for workers	The sum of payments for medical treatment, ambulance services, hospital treatment, physiotherapy services and rehabilitation services.
Payments to workers	The sum of payments for weekly benefits or payments, common law excluding common law sections 66 and 67 payments and commutations.
Penalties and prosecutions	SIRA enforcement actions undertaken with the reporting period, including the issuing of notices of avoided premiums and prosecutions.
Permanent impairment (section 66)	<p>Payments for section 66.</p> <p>Section 66 payments are lump sum payments for the permanent loss or impairment of a limb, or severe facial or bodily disfigurement, including interest, pursuant to section 66 of the <i>Workers Compensation Act 1987</i> No. 70 and as provided by the table of disabilities or whole person impairment (WPI) payable.</p>
Premium	<p>The premium value used for the Nominal Insurer in this report is calculated as total premium for all insurers is deemed premium, calculated as wages covered multiplied by the premium rate for the industry class.</p> <p>Premium for government self-insurers (TMF) is the value of the deposit contributions.</p> <p>Premium for specialised insurers is the gross written premium.</p>
Procedural justice	Procedural justice refers to the worker's perceptions of the fairness of the procedure and the outcomes. Justice procedures are characterised by consistency, lack of bias, accuracy and the worker's voice during decision making.
Procedural review	A review by the Workers Compensation Independent Review Office (WIRO) can follow a request for a procedural review of the insurer's work capacity decision.
Psychological injury	The range of psychological conditions for which workers compensation may be paid, including post-traumatic stress disorder, anxiety disorder, clinical depression and short-term shock from exposure to a traumatic event.
Records submitted	All records received from insurers across NSW. This data excludes administration error records.
Red risk	A red risk of high risk is defined as a risk which has been identified that has the potential to cause a significant impact on the system and is deemed that a regulatory response is required and has begun investigations into the risk.
Rehabilitation treatment	Payments for a single workplace rehabilitation service, a suite of services provided to a worker by the same employer, a suite of services provided to assist a worker to RTW with a different employer.

	<p>workplace rehabilitation provider in the delivery of rehabilitation services, pursuant to the <i>Compensation Act 1987</i> No. 70.</p> <p>Rehabilitation treatment includes the initial rehabilitation assessment, workplace assessment, workplace modification, and rehabilitation counselling. Rehabilitation treatment does not include physiotherapy or chiropractic treatment.</p>
<p>Reportable claims</p> <p><i>Referred to as "claims" in this report</i></p>	<p>Reportable claims are all claims excluding administration error claims, claims closed with zero gross payments, claims shared between two and more workers compensation agents/insurers and agents/insurers, claims where the management of the claims, and claims with payments only for recoveries, vocational rehabilitation, or classification numbers.</p> <p>A reportable claim for workers compensation or work injury damages is a claim that a worker makes under the Workplace Injury Management and Workers Compensation Act 1998 where the worker meets certain liability conditions and/or have received payments. For example, the worker's injury or psychological and employment must be a substantial contributing factor to injury, the worker must be a police officer, paramedic, fire fighter, volunteer bush fire fighter and emergency services worker, or the injuries suffered during journeys to and from work or place of volunteering.</p> <p>Reportable claims include claims from workers whose employer is uninsured. Where claims of uninsured employers are included with the Nominal Insurer segment.</p> <p>Exclusions</p> <p>Reportable claims exclude administration error claims, claims closed with zero gross payments, claims shared between two or more workers compensation agents/insurers and the agent/insurer in the management of the claims, and claims with payments only for recoveries, vocational rehabilitation, or classification numbers.</p> <p>Reportable claims also exclude claims for:</p> <ul style="list-style-type: none"> <li>• dust diseases (administered by the Dust Diseases Authority)</li> <li>• workers who are self-employed</li> <li>• employees of the Australian Government</li> </ul> <p>a member of the NSW Police Force who is a contributor to the Police Superannuation (Superannuation) Act 1906.</p>
<p>RTW (work status) measure</p>	<p>The return to work (RTW) rate is the percentage of workers who have been off work due to a work-related injury/disease and have returned to work in any capacity at four weeks, 13 weeks, 26 weeks, or 52 weeks since the claim was reported.</p> <p>As an example, if there were 100 workers with at least one day off work due to a work-related injury/disease, and 72 of these workers have returned to work in any capacity by the end of four weeks, then the four-week RTW rate would be 72 percent. If there were 100 workers with at least one day off work and 13 weeks have passed since the claim was reported, and 80 of these workers have returned to work in any capacity by the end of 13 weeks, then the 13-week RTW rate would be 80 percent.</p> <p>The cohort for each RTW measure is based on claims reported in a 12-month period. Claims are included if the worker has had at least one day off work. Claims data in relation to workers who have retired are excluded from the measure.</p> <p>Calculation of each RTW rate allows for a lag period for claim development to determine if the worker has returned to work in any capacity following a work-related injury or illness. The lag time is 28 days (four weeks) for the four-week RTW rate; an additional 91 days (13 weeks) is allowed for the 13-week RTW rate; an additional 182 days (26 weeks) is allowed for the 26-week RTW rate and an additional 364 days (52 weeks) is allowed for the 52-week RTW rate.</p>

	<p>Since this report is based on data as at 30 June 2018, the claim cohorts for 2017/18 and the four-week RTW for 2017/18 cohort does not include claims reported in the last 28 development period had not been allowed as at 30 June 2018.</p> <p>The RTW (work status) measure is calculated as the proportion of those claimants with at least one day off work who are working at the measurement point in time, where the measurement point is the end of the financial year.</p>
Maintaining a RTW	<p>This measures the length of time workers remained at work in a 12-month period after injury. The measure uses the work status code to calculate how long the worker remained at work. A consistent sample of injured workers who have returned to work for the first time in the 12-month period after injury. Claims are accepted and entered into the scheme with at least one day time loss (excluding work status code was monitored for subsequent 12 months since the month injured worker returned to work. Frequency within the following 12 months development period the injured worker is categorised into one of the following groups:</p> <ul style="list-style-type: none"> <li>• Back at work for 12 months</li> <li>• Back at work for 9 to 11 months</li> <li>• Back at work for 6 to 8 months</li> <li>• Back at work for 3 to 5 months</li> <li>• Back at work for less than 3 months</li> </ul> <p>The results are based on the work status as at 30 June 2018</p>
SafeWork NSW	The NSW workplace health and safety regulator.
Self-insurer	Means a person who holds a licence as a self-insurer under division 5 of part 7 of the Workers Compensation Act 1987.
Specialised insurer	Means an insurer who holds a licence as a specialised insurer under division 3 of part 7 of the Workers Compensation Act 1987.
Stayed at work rates	<p>The cohort for the stayed at work measure is based on claims reported in a 12-month period after injury. Claims are included in the measure if the worker has had at least one day off work. Claims relating to workers who have died are excluded from the measure. Claims with a notification of work-related injury, 6 (administration error), 9 (reasonable excuse) or 10 (other) are also excluded from this measure.</p> <p>It is assumed that workers who stayed at work were able to do so either because they maintained their capacity to work at their pre-injury employment, or that their employer was able to provide suitable employment (i.e. provide suitable employment) such that they were able to return to work.</p>
Supports	Services directly to and for workers for their recovery to well-being and return to either work or a suitable alternative.
SWA	Safe Work Australia
SWA 2018 RTW survey	<p>The RTW survey data in this report was sourced from the (SWA) 2018 RTW survey, which was published by SWA in September 2018.</p> <p>This study is also called the National return to work survey (NRTS)</p>
Target collection rate	The target collection rate of premiums before application of the ESI and other discounts.
Timeliness of insurer decision making	The time taken for a liability decision to be made is calculated as the time from date of injury to the date of the liability status code, where the liability status code is 02 'Liability accepted', 07 'Liability denied', 08 'Liability accepted - weekly and medical payments' or 09 'Reasonable excuse'.



	This cohort include all reportable claims, with first liability status date in financial year. Liability status code is 02 'Liability accepted', 07 'Liability denied', 08 'Provisional liability accepted', 09 'Provisional liability accepted - medical only', 10 'Provisional liability accepted - common law', 11 'Provisional liability accepted - common law and medical only' or 12 'Provisional liability accepted - common law and medical only and death payments' or 09 'Reasonable excuse' or 11 'Provisional liability accepted - medical only' or 12 'Provisional liability accepted - common law and medical only and death payments'.
Timeliness of reporting claims	The measure of timeliness of reporting claims is based on the delay from injury date to first payment for occupational diseases.
Total payment	Total payments have been grouped into weekly payments, total medical, common law damages, rehabilitation treatment, sections 66 and 67, total investigation, total legal, death payments.
Treasury Managed Fund	Treasury Managed Fund (TMF) was also known as NSW Self-Insurance Corporation (NSW SIF). TMF (TMF) provides workers compensation to most NSW public sector employers except for the Police, Fire and Ambulance agencies.
TMF Emergency Services	TMF Emergency Services ("EM") covers Police, Fire and Ambulance agencies.
TMF Non-Emergency Services	TMF Non-Emergency Services ("non-EM") covers all agencies under TMF except Police, Fire and Ambulance.
Weekly benefits paid per month	Weekly benefit payments paid to injured workers for incapacity excluding Section 39 payments in June 2018.
Weekly payments	Weekly payments paid to an injured worker.
Workers	A worker who has sustained a work-related injury or illness as defined by section 4 of the <i>Workplace Injury Management and Workers Compensation Act 1998</i> No 86.
Work injury damages (WID) / Common law	Lump sum payments for damages and common law legal expenses incurred by the worker under part 5 Common Law remedies, sections 149 to 151AD, Workers Compensation Act 1987 and Workplace Injury Management and Workers Compensation Act 1998. No. 86. WID stands for 'Work injury damages' and this term is used interchangeably with 'common law damages'.
Work status codes	Stay at Work (RTW) indicator is calculated as the percentage of 'claimants who had a stay at work injury' to 'all claims' in the system. It is assumed claimants who stayed at work received only medical related payments. The measure includes; Full work capacity if work status is where the work status code is 1, or 3 01 - Working - Same employer - full work capacity 03 - Working - Different employer - full work capacity Pre-injury hours capacity is where the work status code is 2 or 4 and hours are paid '02' = Working - Same employer - current work capacity '04' = Working - Different employer - current work capacity Reduced hours of capacity are where the work status code is 2 or 4

	<p>'02' = Working - Same employer - current work capacity</p> <p>'04' = Working - Different employer - current work capacity</p>
Workers compensation commission	<p>The WCC is an independent statutory tribunal that has jurisdiction to deal with a broad range of compensation dispute applications are Applications to Resolve a Dispute (Form 2) and more than one type of compensation benefit, including weekly payments, medical and related services and impairment.</p>

## Disclaimer

The NSW Government is committed to producing data that is accurate, complete and useful. Notwithstanding its commitment to data quality, the NSW Government gives no warranty as to the fitness of this data for a particular purpose. While every effort is made to ensure data quality, the data is provided “as is”. The burden for fitness of the data rests completely with the user.

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Please note, this data is an accurate reflection of the information provided by each insurer, to SIRA, however this data may change due to the progression of data and the application of regular data quality reviews. There are several areas where SIRA is actively working on the methodologies and data sets with the view to improving the measures and the capability to monitor the scheme.

## Would you like additional data?

For more information about this dataset or data source:

There is additional data from the NSW Government on the following sites -

- the [OpenGov NSW](#)
- [SafeWork NSW](#)
- [State Insurance Regulatory Authority](#)

If you cannot find the information you require, then complete the external data request form and email to the DFSI Ministerial team at [gipa@finance.nsw.gov.au](mailto:gipa@finance.nsw.gov.au) or phone 13 10 50.

## Feedback

Feedback and comments on the 2018/19 *Workers compensation scheme annual performance review* are welcome and encourage. This feedback will be used to improve the review and the associated report. Please email us at: [WCRSchemeperformance@sira.nsw.gov.au](mailto:WCRSchemeperformance@sira.nsw.gov.au)

#### Disclaimer

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