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1. Executive summary

This report provides a snapshot of the performance of the workers compensation system for 2016/17.

The State Insurance Regulatory Authority (SIRA) objectives in developing and publishing this report are:

- to review the performance of the workers compensation system in NSW
- to report to system participants and the broader community on the performance of the system
- to identify high level system trends.

SIRA is committed to providing timely reporting on the performance and status of the NSW workers compensation system. The inaugural workers compensation system annual performance report was published in November 2016 and provided data and information relating to the 2014/15 financial year. This 2017 report provides information for the 2016/17 financial year and is a significant step in moving towards providing more timely information to system participants and the NSW community.

The five-year time series (2012/13 to 2016/17) used in this report has been selected on the basis of offering the best ‘like for like’ system performance comparison. During 2012 there were significant changes made to the legislation, therefore performance results prior to and post 2012 are not directly comparable.

The report is structured on SIRA’s performance framework, reporting on performance measures of effectiveness, efficiency, viability, affordability, customer experience, and equity. Based on this performance framework SIRA commits to publishing quarterly updates.

This year’s report includes quantitative data that provides insights into the drivers of return to work (RTW) and return to health of workers in the system. Some of these insights are based on research commissioned by SIRA, with others gained from an analysis of the NSW data collected through the Safe Work Australia (SWA) 2016 RTW survey.

Legislative amendments in 2012 and 2015 continue to have an impact on the performance of the system, along with the premium and prudential reforms implemented in 2016 and 2017.

In 2016/17, the system protected 4.5 million workers, collecting $3.3 billion in premiums and returning $2.3 billion in claims costs. There were 91,914 newly reported claims.

Highlights include:

- fewer claims than previous years
- stable return to work (RTW) rates at 4, 13 and 26-week intervals using a new measure of RTW
- at the 26-week interval 89.3% of workers in the system returned to work
- workers reporting that the system treated them fairly achieved a 20% higher RTW rate compared to the group who reported not being treated fairly
- 70% of total expenditure went directly to benefit workers either in weekly payments or in medical, treatment and rehabilitation services
- 81% of workers surveyed considered the NSW workers compensation system offered them a fair and equitable service
- premium rates as a percentage of the NSW payroll continued to decrease to just under 1.4%, with variation in these reductions across industries
• significant increases in medical, hospital treatment and physiotherapy costs
• fewer work capacity disputes than previous years.

The data highlights a number of areas in the system where SIRA will continue to focus:
• expenditure performance across the different insurer segments
• timeliness of decisions in the claims management process
• analysing the drivers of increased medical and rehabilitation costs in the system
• insurer education on the key drivers of a successful return to work (RTW)
• increasing employers' understanding of their obligations under their workers compensation policies
• optimising the policy purchaser (employer) and claimant (worker) experience with the system
• working with employers and workers to promote the importance of recovery at work.

Additional information about SIRA and its activities as a regulator are included in the SIRA Annual Report 2016/17.

Customers and stakeholders of SIRA have requested more regular reporting on the workers compensation system performance. In addition to this report the Statistical Bulletin which contains detailed information about claims and payments was published in August 2017. Further versions of the Statistical Bulletins will be published in the next few months.

In future, it is planned to publish the Statistical Bulletin with the Workers Compensation System Annual Performance Report for each financial year.
2. The workers compensation system

2.1 State Insurance Regulatory Authority (SIRA)

The workers compensation system in NSW is regulated by the State Insurance Regulatory Authority (SIRA). SIRA also regulates the motor accidents compulsory third party (CTP) and the home building compensation insurance schemes.

SIRA was established through the State Insurance and Care Governance Act 2015 and its aim is to ensure people who suffer injury or loss are supported, and insurance is affordable, well managed and sustainable.

2.2 Objectives of the NSW workers compensation system

The objectives of the NSW workers compensation system are set out in section 3 of the Workplace Injury Management and Workers Compensation Act 1998 (1998 Act). These are to:

- secure worker health, safety and welfare while preventing work related injury
- provide prompt treatment and rehabilitation to assist injured workers to return to work
- provide income and treatment payments to injured workers and their families
- provide a fair, affordable and financially viable system
- ensure contributions by employers are commensurate with risks, taking into account strategies and performance in injury prevention, injury management and return to work
- deliver an efficient and effective system.

The NSW workers compensation system operates under three Acts, the Workers Compensation Act 1987 (1987 Act), the Workplace Injury Management and Workers Compensation Action 1998 (1998 Act) and the State Insurance Care Governance Act 2015 (SICG Act). The objectives of the NSW workers compensation laws are to provide a regulatory framework for the provision of compensation, treatments and RTW assistance for workers injured as a result of their employment.

2.3 The system

The NSW workers compensation system is the largest defined benefit system in Australia. The system insured businesses responsible for $237 billion of wages reported in NSW for 2016/17.

The system includes the following insurance segments:

- **Nominal Insurer:** a statutory insurer responsible for the workers compensation Insurance Fund (managed by icare NSW)
- **Specialised insurers:** there are currently six insurers licensed to operate within particular industries
- **Self-insurers:** there are currently 59 large employers licensed to self-insure
- **Government self-insurers:** employers covered by the Government’s managed fund scheme the Treasury Managed Fund (TMF). The TMF is administered by the NSW Self Insurance Corporation (under icare NSW).
2.4 Legislative amendments

Legislative amendments of 2012 and 2015 continue to have an impact on the system.

**2012 legislative amendments**

In 2012 legislative amendments resulted in considerable adjustment in the benefit structure of the system. The amendments introduced a focus on capacity for work, rather than a focus on a worker’s medical incapacity. This took the form of work capacity decisions and review processes, which are consistent with other comparable jurisdictions.

A key element of the amendments was the introduction of a five-year (260-week) cap on weekly payments for workers with 20% or less permanent impairment (PI), as specified under section 39 of the 1987 Act.

The first cohort of workers impacted by this five-year cap ceased weekly payments in September 2017. For those workers injured prior to the 2012 amendments, the five-year cap commenced from 1 January 2013. For this cohort entitlement to weekly payments ceased progressively from December 2017. As the transition of workers from the workers compensation system through the application of section 39 is in its early stages, the impact to the system is not yet fully known.

**2015 legislative amendments**

In September 2015, there were structural changes resulting from the commencement of the *State Insurance and Care Governance Act 2015* (SICG Act), including the creation of SIRA and the establishment of icare who acts on behalf of the Nominal Insurer and administers the Treasury Managed Fund (TMF).

The 2015 legislative amendments provided further support to workers with high needs with medical payments for life, and consistency in application of retirement age weekly
payment cut-offs. The amendments increased lump sum payments available for permanent injury and death to the highest in Australia. Medical payments were extended to two or five years after ceasing weekly payments.

Additionally, the *Workers Compensation Amendment (Legal Costs) Regulation 2016* that commenced on 16 December 2016 allows a worker to access paid legal advice in connection with an application for a merit review of a work capacity decision. The costs are payable by the insurer.

**Premium and prudential supervision**

SIRA issued the 2016-17 Workers Compensation Market Practice and Premiums Guidelines (MPPGs) in May 2016 following a period of consultation. The MPPGs set the framework within which insurers define their premiums. The MPPGs allowed minimal change from prior years’ premiums in order to maintain stability for employers.

Following consultation covering premium and prudential supervision in October and November 2016, SIRA issued a further version of the MPPGs in March 2017. The revised MPPGs apply to premiums submitted by insurers from March 2017.

Following further consultation, SIRA issued draft revised MPPGs for consultation in December 2017. Revised MPPGs were issued in early 2018, in advance of the next round of premium filings.

**Insurer performance and compliance**

SIRA and insurers worked collaboratively to implement a new Insurer Supervision Model. A significant focus has been working with self-insurers to transition to SIRA’s new licensing framework with self-insurers.

SIRA has integrated the use of digital technologies and improved the quality and timeliness of performance and compliance data shared.

Early signs of success include:

- 20 insurers improved their business intelligence practices to more quickly address emerging issues
- all insurers prepared improvement plans for identified risks
- over 600 workers had their claim decisions made in a more timely way.
3. System performance framework

In 2016, SIRA developed a system performance framework to measure the key components of the NSW workers compensation system. This performance framework was developed with reference to the objectives of the legislation. The measures and report for the 2016/17 system are based on the performance framework.

3.1 Measures against the performance framework

Figure 2: NSW workers compensation system performance framework and measures

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<th>2016/17 measures</th>
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<td><strong>Efficiency:</strong></td>
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<td><strong>Equity:</strong></td>
<td>System equity and fairness</td>
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<td></td>
<td>Customer perception of system equity</td>
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3.2 Methodology and data

The data presented in this report is derived from data and annual declarations provided to SIRA from NSW workers compensation insurers, independent survey data and data provided by Safe Work Australia, the Workers Compensation Commission and the Workers Compensation Independent Review Office.

The report focuses on the 2016/17 financial year system performance. The five-year time series (2012/13 to 2016/17) has been selected on the basis of offering the best ‘like for like’ system performance comparison. During 2012 there were significant changes made to the legislation, therefore performance results prior to and post 2012 are not directly comparable.

The data presented in this report may differ to the data contained in the 2016/17 SIRA Annual Report due to timing and processing processes. The RTW survey data in this report was sourced from the Safe Work Australia (SWA) 2016 RTW survey (Australia and New Zealand), undertaken in April 2016. SIRA has undertaken additional analyses of the NSW data collected by Safe Work Australia to better understand the claimant (worker) experience in NSW.

Data related to disputes was sourced from SIRA, the Workers Compensation Commission (WCC), and the Workers Compensation Independent Review Office (WIRO).

Where the information presented against the performance framework has an alternative source to either SIRA data or the SWA 2016 RTW survey, the source is referenced, for example the SIRA 2017 RTW - Theory of Planned Behaviour Report.

All reportable claims received in the five financial years to 2016/17 are included in this report. Liability for some of these claims may have been denied, however if a payment has been made against the claim it has been included in the report.

There are a number of 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 system. Recognising the need for improved RTW information, SIRA has been working with insurers to improve the data granularity and data capture processes for RTW measures. This report introduces a new RTW measure reported by insurers using ‘work status’ which is a more accurate reflection of a RTW status than the previously used measure which was based on cessation of benefits. To assist in understanding performance and for comparison with the 2014/15 Workers compensation system performance report measures based on cessation of benefits as well as the new work status measure are included.

A new system efficiency measure is also introduced in this report. It measures the proportion of the system expenditure paid out to workers in weekly payments and in services to support their recovery and RTW.

The financial and cost information in this report are presented in original dollar values with no indexation applied. Costs in the workers compensation scheme 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.
The premium value used for the Nominal Insurer in this report is calculated as total premium payable net of GST and levies, such as the dust disease levy and mine safety levy. Premium for self-insurers is deemed premium, calculated as wages covered multiplied by the premium rate applicable for the appropriate industry class.

Premium for Government self-insurers (TMF) is the value of the deposit contributions made by each member agency. Premium for specialised insurers is the gross written premium, net of GST and levies, such as the dust disease levy and mine safety levy.

3.3 Benchmarks

Where appropriate, the system performance framework benchmarks across the different insurer segments of the system.

Where possible, the performance of the NSW workers compensation system has been benchmarked using the RTW survey published biennially by SWA.
4. Performance measures: Effectiveness

The focus of the workers compensation system is to provide for timely RTW and to support workers to complete their recovery at work. The timeliness and sustainability of RTW are important measures of the effectiveness of the system. In 2016/17 RTW rates were relatively stable at 4, 13 and 26-week intervals using a new measure of work status. At the 26-week interval, 89.3% of workers in the system returned to work.

4.1 RTW metrics

SIRA is working towards continuous improvement in measuring RTW rates across the workers compensation system. To achieve this SIRA monitors a range of metrics and has worked with insurers, stakeholders and partners to improve the quality of the data provided.

This report presents RTW rates using three different methodologies:

- **Work status measure** – this methodology uses the work status of a worker at a point in time (4, 13, 26 weeks). It is reported by insurers to SIRA and includes information on whether or not a worker has returned to work in either suitable duties or pre-injury duties, or has not returned to work and ceased payments for other reasons such as retirement.

- **Cessation of benefits measure** – this methodology uses cessation of benefits at a point in time (4, 13, 26 weeks). It was used as the primary RTW measure in the 2014/15 Workers Compensation System Performance Report. This measure is not sensitive to those who have ceased benefits for reasons other than returning to work.

- **Safe Work Australia and independent return to work survey benchmarks** - The RTW survey data was sourced from the *SWA 2016 RTW survey (Australia and New Zealand)*.

The measures are provided in this report to allow comparisons between reports and previous years’ performance. In 2016/17 at the 26-week interval there is a marginal difference in the RTW rates using the two different methodologies. At the 4 and 13-week interval however, the difference in the RTW rates produced by the two methodologies are larger.

Future system performance reports will use the work status measure only as it is considered a better measure that more accurately reflects actual work status.

**Work status measure**

Using the work status methodology (figure 3) the results indicate that the RTW rates improved across all time points (4, 13, 26 weeks) from 2014/15 to 2015/16 and then stabilised. Over the three-year period of using this methodology there have been significant improvements in the RTW rates at the 4-week interval with 55% of workers returning to work in 2014/15 increasing to 74% in 2015/16 and 2016/17. This improvement may be attributed to a combination of a focus on improving RTW rates and an improved reporting methodology.
Figure 3: RTW rates as a percentage of reported claims - work status measure

Cessation of benefits measure

Figure 4 shows RTW rates based on the proportion of workers who cease benefits at a point in time (4, 13, 26 weeks).

Figure 4: RTW rates as a percentage of reported claims - cessation of benefits

Australian benchmark and NSW RTW rates

The SWA 2016 return to work survey offers an opportunity for NSW to benchmark with a national workers compensation dataset (all Australian jurisdictions). The survey conducted by SWA includes compensation participants with 10 or more days off work who had submitted a claim seven to nine months before the survey was conducted.

SWA has a number of measures of return to work including the following.

- **Current return to work rate** - those who reported they were working in a paid job at the time of the interview. (Survey question - Are you currently in a paid job?).
• **Returned to work rate** – those who reported they had returned to work at some time since their injury or illness. (Survey question - Can I just confirm, have you returned to work at any time since your workplace injury or illness?)

Figure 5 uses both measures and compares the proportion of NSW workers (82%) who were working at the time the SWA survey was conducted compared with the national dataset (77%). *SWA 2016 return to work survey report* refers to this as the current return to work rate.

Figure 5 also shows the return to work rate for NSW workers who had returned to work at some time since their injury or illness (90%) with the national dataset (87%). The *SWA 2016 return to work survey report* refers to this as the returned to work rate.

**Figure 5: NSW Self-reported RTW rates compared with national benchmark**

![Graph showing return to work rates](image)

*Source: Analysis of the SWA 2016 RTW survey (Sample size: Australian cohort 2,226, NSW cohort 444).*

### 4.2 Drivers of RTW

To supplement the quantitative analysis based on claims data, SIRA also undertook a detailed analysis of the NSW data in *SWA 2016 RTW survey*. The focus of this was to investigate the impact of various components of the workers compensation system and how it influences and/or correlates with RTW rates.

The following five influencers on RTW were analysed:

1. the impact of a worker’s experience with the system on RTW
2. the impact of a worker’s perceptions of their health on RTW
3. the impact of a worker’s claims management experience on RTW
4. the impact of employer contact on RTW
5. the impact of having a RTW plan on RTW.
The impact of a worker’s experience with the system on RTW

Workers who had a workplace injury or illness and felt positive about their experience with the workers compensation system were more likely to return to work. This was measured across five areas likely to have an impact on their experience: transparency, strength of communication, system intent, fairness and overall effect on recovery. Across all five areas a higher proportion of those that reported a positive experience achieved a RTW.

Notably, the group reporting that the system had treated them fairly achieved an 89% RTW rate compared to a RTW rate of 67% for those who did not believe that the system treated them fairly. Similarly, the group that reported that the system assisted with their recovery achieved an 88% RTW rate compared to a RTW rate of 65% for those reporting that the system did not assist with their recovery. The results show an association between a worker’s positive experiences of the workers compensation system and their RTW.

Figure 6: Impact of a worker’s experience with the workers compensation system on RTW

![Graph showing impact of worker's experience with the system on RTW]

Source: Analysis of the NSW data in SWA 2016 RTW survey (Sample size 770)

The impact of a worker’s perception of their health on RTW

The analysis shows an association between self-reported perceptions of a worker’s health status and their RTW. Workers who reported a positive view of their health status were more likely to achieve a RTW rate (91%) compared to those who reported a negative view of their health (66%).
The impact of a worker’s claims management experience on RTW

The impact of a worker’s claims management experience and RTW was also explored. This was measured across four domains likely to have an impact on their experience: levels of care and dignity, clarity of information, strength and consistency of communication and availability of the right advice and support. Across all four domains a higher proportion of those that reported a positive experience achieved a RTW.

The group reporting that they were treated with care and dignity through the claims management experience achieved an 85% RTW rate compared to a RTW rate of 70% for those who did not believe that they were treated with care and dignity through the claims process.

Source: Analysis of the NSW data in the SWA 2016 RTW survey (Sample size 798)

Figure 7: Impact of worker’s perception of their health on RTW

Source: Analysis of the NSW data in the SWA 2016 RTW survey (Sample size 400)

Figure 8: Impact of a worker’s claims management experience on RTW
The impact of employer contact on RTW

The results of this analysis are consistent with the research in this area where contact by an employer positively influences RTW outcomes for workers. Workers were asked to indicate if someone from their workplace had made contact with them. Where the employer had made contact an 88% RTW rate was achieved compared with a 76% RTW rate where no contact was made.

Figure 9: Impact of employer contact on RTW

Source: Analysis of the NSW data in the SWA 2016 RTW survey (Sample size 558)

The impact of having a RTW plan on RTW

A higher proportion of workers with a RTW plan returned to work demonstrating a correlation between RTW planning and RTW rates.

Figure 10: Impact of having a RTW plan on RTW

Source: Analysis of the NSW data in the SWA 2016 RTW survey (Sample size 564)
Recovery rates

The *SWA 2016 RTW survey* also asked respondents who had a workplace injury or illness about their recovery. Figure 11 presents both the national and NSW results reporting the extent to which workers expected to recover at the time of the survey. For the national dataset 39% said that they expected to fully recover. The NSW cohort had marginally fewer workers who reported that they expected to fully recover (36%) and marginally more who were almost fully recovered (42%) compared to the national dataset (41%).

**Figure 11: NSW Self-reported recovery rates compared with national benchmark**

![Image of bar chart showing recovery rates](source: Analysis of the SWA 2016 RTW survey (Sample size: Australia cohort 2105, NSW cohort 285))

Worker and employer attitudes to RTW

In June 2017, SIRA engaged an independent research organisation to conduct an online survey with workers and employers. The sample comprised 1,500 NSW employers and their representatives, workers and community members. A key objective was to identify customer attitudes to recovering at and returning to work.

When asked about individual attitudes to returning to work customers indicated an average (mean) score of 4.5 on a 7-point scale in relation to *expecting*, *wanting* and *intending* to complete their recovery while back at work. Additional investigations revealed that there were only marginal differences between the attitudes of workers and employers who had had direct experience with a workplace claim and those who had not experienced a claim.

Overall the results suggest that customers have uncertainties about completing part of their recovery at work.
4.3 Reported claims

SIRA receives details of all workers compensation claims reported in NSW. There were 91,914 claims reported in 2016/17. Figure 13 shows both the number of reported claims for work related injuries and the claims incidence rate (measured by the number of claims per 1,000 workers).

Both the number of claims and the claims incidence rates have been decreasing since the beginning of the reporting period (2012/13) with both measures stabilising over the 2015/16 and 2016/17 years.

Figure 13: Number of reported claims and claims incidence rates
Claims by insurer segment

Figure 14 shows the insurer segments by the percentage of claims they managed in 2016/17. The largest proportion of claims (67%) are managed by the Nominal Insurer.

Figure 14: Number and proportion of claims by insurer segment 2016/17

Workers compensation fatalities

SIRA receives details of all workers compensation fatalities reported in NSW. In 2016/17 there were 60 reported claims arising from fatalities, one less than in the previous year. The reported fatalities for 2016/17 include seven claims where liability has not yet been determined. Both the number of accepted workers compensation fatality claims and the incidence of workers compensation fatalities per 100,000 workers (fatality incidence rate) have been stable over the past two years.

The agriculture, forestry and fishing industries recorded the highest number of fatalities in 2016/17 with 10 in total. Construction and manufacturing industries recorded eight fatalities each. The transport, postal and warehousing industries recorded the largest reduction in fatalities from 14 in 2015/16 to seven in 2016/17.
Workers compensation claims arising from fatalities - mechanism of incident

SIRA requires that all claims are classified in accordance with the *Type of Occurrence Classification System version 3.1*. This classification system allows claims to be classified in accordance with the type of injury, bodily location of injury as well as incident details. The mechanism of incident provides a view of the overall action, exposure or event that best describes the circumstances that resulted in the most serious injury or disease.

Figure 16 provides a summary of the total number of reported work based fatalities by mechanism of incident in the NSW workers compensation system in 2016/17.

In 2016/17 vehicle accidents were the main mechanism of reported fatality claims representing 32% of accepted fatality claims. The code ‘unspecified mechanisms of incident’ is used where insufficient data is provided to SIRA.

**Figure 16: Mechanism of incident for fatalities**

(only mechanism with five or more fatalities shown)
5. Performance framework: Efficiency

Efficient system management is important to ensure:

- an appropriate proportion of system funds are available to be paid in benefits directly to workers and in the payments made on their behalf which contribute towards their recovery
- premiums collected to fund the system are no higher than necessary.

Of the total expenditure across the system, 70% went directly to benefit workers either in weekly payments or payments for medical costs etc.

5.1 Percentage of expenditure going to benefit workers

A key efficiency measure is that the benefits or payments going to workers and the payments made on their behalf which contribute towards their recovery remain high relative to total costs. In this metric the total expenditure has been divided into the following three categories:

1. **benefits paid directly to workers** (e.g. weekly payments, common law and S66, death benefits, commutations and miscellaneous payments)
2. **benefits paid for services for workers’ recovery and RTW** (e.g. medical costs, allied health services e.g. rehabilitation payments to support of claimants)
3. **insurer expenses** (includes administration and operating expenses, regulatory costs, investigations, insurers’ legal fees etc).

In 2015, the NSW workers compensation system adopted a new file and write premium system that requires licensed insurers to file their proposed premiums with SIRA prior to the policy renewal period. As a result of the change in the premium system, SIRA is only able to supply this data for the financial years 2015/16 and 2016/17.

**Figure 17: Benefits to and for workers as a percentage of total expenditure**
5.2 Timeliness of reporting claims  
- excluding occupational diseases

Efficient claim processing and timely decision making will ensure workers and employers are supported from the outset of the claims management process. A key requirement is that all claims are reported within five days of the workers injury date. There are guidelines outlining the processes and timeframes workers, employers and insurers should follow. The initial action requires a worker to notify their employer or the employer’s insurer 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.

Figure 18 shows the proportion of claims that have been reported within five days of the date of injury. Due to current data limitations this measure only includes Nominal Insurer data (67% of all claims in the system), however, SIRA is working to expand this measure across all insurer segments and will include an update in the next report. This measure is based on the percentage of claims where the employer has incurred an excess under section 160 of the 1987 Act and section 6.3 of the Market Practice and Premiums Guidelines.

Over the five-year reporting period the proportion of claims being reported within five days has not fallen below 99% until this year (2016/17) where it fell to 98.5%, meaning 1.5% of claims are not being reported within the required five-day period.

**Figure 18: Timeliness of reporting claims - % of claims reported within five days**

<table>
<thead>
<tr>
<th>Year</th>
<th>100%</th>
<th>90%</th>
<th>80%</th>
<th>70%</th>
<th>60%</th>
<th>50%</th>
<th>40%</th>
<th>30%</th>
<th>20%</th>
<th>10%</th>
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<tr>
<td>2015/16</td>
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<tr>
<td>2016/17</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

SIRA will continue to work with insurers and employers to ensure there is a continued focus on timely claim reporting.
5.3 Timeliness of claim liability decisions

Insurers are required to process claims and determine liability within prescribed timeframes. The timeliness of insurers’ decision making is both a key legislative component of the system and an important aspect of the system for workers. Figure 19 reports on the timeliness of insurer liability decisions in the system.

SIRA has identified this measure as one of a number of key performance indicators in the supervision of insurers. We are working to improve both the timeliness of decisions and the insurers’ reporting. Figure 19 shows the number of claims which had a provisional liability or reasonable excuse decision made within seven days as per section 267 of the *Workplace Injury Management and Workers Compensation Act 1998* (1998 Act) and the *Guidelines for claiming workers compensation* issued by SIRA in August 2016.

**Figure 19: Timeliness of insurer decision making - provisional liability accepted or reasonable excuse within seven days (section 267, 1998 Act)**

SIRA is working with all insurers to improve data reporting timeframes and the quality of data submissions. Timeliness and quality of decision-making impacts on the outcomes of the claims management process itself and on return to work and health outcomes for the worker. SIRA is providing all insurers with regular data and performance reports to facilitate and inform system improvements in these areas.
6. Performance framework: Viability

Section 24 of the *State Insurance and Care Governance Act 2015* (SICG Act) provides SIRA with prudential functions covering collection and analysis of prudential information, encouraging sound prudential practices and evaluating the effectiveness of those prudential practices. SIRA supervises insurers to ensure that appropriate standards are met, information on payment trends is provided in a timely manner and that sufficient quality assets are maintained to meet outstanding liabilities.

In the 2016/17 reporting period total payments within the NSW compensation system were $2.8 billion which is an increase from $2.6 billion in 2015/16. There were variations across all payment categories. The highest percentage increases related to payments arising from fatal injuries, which reflect the significant increases in lump sum and funeral payments implemented as part of the 2015 legislative amendments.

There has been a decrease in the number of workers receiving weekly payments, and an increase in the average weekly payment amount paid to workers.

6.1 Adequacy of insurers funds to meet likely future claim costs

Insurers (including self-insurers) in the NSW workers compensation system hold assets to meet their liabilities for the future costs of existing claims. Prudential requirements outline the amount of assets which are considered adequate to meet liabilities. These prudential requirements vary depending on the insurer category and whether the insurer is subject to prudential regulation by Australian Prudential Regulation Authority (APRA). SIRA monitors insurers’ assets and liability estimates and is satisfied that in 2016/17 all insurers had sufficient assets to meet their claims liabilities as required under the prudential requirements.

The NSW Workers Compensation Self-Insurer Licensing Framework includes prudential standards for self-insurers. These prudential standards are applied, through the requirement to provide SIRA with a security, based on actuarial assessments of liabilities.

Specialised insurers are required to hold security with SIRA, based on an actuarial assessment of liabilities, as well as comply with APRA’s detailed prudential standards.
### Figure 20: Insurers’ prudential requirements

<table>
<thead>
<tr>
<th>Insurer category</th>
<th>Number of insurers</th>
<th>Adequacy of insurers’ funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal Insurer</td>
<td>Nominal Insurer</td>
<td>June 2017 - Funding ratio of 119% of assets over liabilities calculated at 75% probability of sufficiency</td>
</tr>
<tr>
<td>Government self-insurers (Treasury Managed Fund)</td>
<td>TMF</td>
<td>June 2017 – Funding ratio of 115% of assets over liabilities. TMF met its funding ratio target</td>
</tr>
<tr>
<td>Specialised insurers – APRA regulated</td>
<td>4 (CCI, Guild, StateCover, HEM)</td>
<td>All APRA regulated specialised insurers maintained their authority under section 12 of the <em>Insurance Act 1973</em> of the Commonwealth to carry on insurance business in Australia. June 2017 – SIRA holds a total of $285.8 million security as per defined licence conditions.</td>
</tr>
<tr>
<td>Specialised insurers</td>
<td>2 (CMI and Racing NSW)</td>
<td>Racing NSW met its prudential requirements with SIRA holding $42.9 million security for its claims liabilities. CMI is exempt from SIRA’s prudential oversight under legislation.</td>
</tr>
<tr>
<td>Self-insurers</td>
<td>59</td>
<td>June 2017 - SIRA holds a total of $964.1 million security as per defined licence conditions.</td>
</tr>
</tbody>
</table>

6.2 Stability of claim costs and premiums

**Changes in claim costs**

In the 2016/17 reporting period total payments within the NSW compensation system were $2.8 billion. The stability and/or predictability of claims costs are an important signal of system viability. In 2016/17 there were some significant increases in claims costs resulting from increases in medical services, hospital treatment and physiotherapy services. The medical cost increase for 2016/17 was an $88 million (figure 22) increase representing a 14.4% (figure 23) change compared to the previous year.

Figures 21, 22 and 23 present information on the total payments made by category as well as the dollar and percentage change in payments since last year.
Figure 21: Total payments by payment type

![Graph showing total payments by payment type for 2012/13 to 2016/17.]

Figure 22: Dollar change in payments (millions) by payment group 2016/17 compared to 2015/16

![Graph showing dollar change in payments by payment group for 2016/17 compared to 2015/16.]

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26 NSW workers compensation system - Annual performance report 2016/17
Number of claims with weekly payments and the average weekly payment

A signal of system stability is the volume of claims where workers are in receipt of a weekly payment in addition to the amount paid out in this category. Figure 24 shows the number of active weekly claims (claims that receive a weekly payment for lost income) in the financial year. In the five financial years to 2016/17, there has been a decrease in the number of active weekly claims in the NSW workers compensation system. However, the average weekly payments have been increasing.

The legislative amendments in 2012 and 2015 may have contributed to this trend. The 2012 legislative amendments transitioned injured workers receiving weekly benefits from a statutory rate of $439.50 to a rate of $736.72 per week (80% of the transitional amount of $920.90).

Subsequent indexation has increased the amount payable to $828.72 per week (80% of the transitional amount of $1,035.90). For new claims, payments are made based on a worker’s pre-injury average weekly earnings (PIAWE) and are paid at 80-95% of the PIAWE. This has seen a higher level of weekly payments to workers, particularly those who remain off work after 26 weeks where the statutory rate would have previously applied.

The 2015 legislative amendments extended weekly payment periods by 12 months following a worker’s retirement and this requirement was applied retrospectively impacting the weekly payment costs and provided a minimum amount payable to workers with highest needs regardless of PIAWE.

The reduction in the number of active weekly benefit claims reflects a range of trends including a reduction in the number of new claims reported and increases in the RTW rate of injured workers across the system.
Figure 24: Number of active weekly payment claims and average weekly benefits
7. Performance framework: Affordability

A measure of affordability of the system is the cost of premiums for workers compensation as a percentage of the reported NSW wages bill. Premiums as a percentage of the NSW payroll continued to decrease for 2016/17 to less than 1.4%. There was however some variation in these reductions across industries.

7.1 Affordability of premiums

Overall the affordability of premiums as a percentage of the NSW payroll has improved. The workers compensation premiums paid by employers in 2016/17 was 1.4% of the total NSW payroll.

A deemed premium (wages covered multiplied by the premium rate applicable for the appropriate industry class) calculation is used to derive a premium for self-insurers.

While this is the overall system result, there are some industries which have experienced increases in their premium rates and these industries are reported below.

Figure 25: Premium costs as a percentage of wages in NSW
Affordability of premium costs across industries

While across the scheme, premium rates declined over the past five-year period, there is considerable variation between different industries. The mining industry (a separate division to the Coal Mining Fund) shows an increase in the period since 2012/13. There is also some variation across the industries with the construction industry premium costs declining by 39.8% from 2012/13 to 2015/16 but experiencing an increase in 2016/17.

The following graph offers a high-level indication across specific industries of premium affordability.

Figure 26: Premium affordability across industries
8. Performance framework: Customer experience

The number of customer enquiries and complaints, and the number who seek a review of an aspect of their claim offer some insight into a customer's satisfaction with component parts of the system. The interactions workers and employers have with other participants in the system are an important indication of a customer’s experience with the system. Workers in the compensation system are more likely to be satisfied with their general practitioner (GP) services compared with the national data, however less satisfied with their interactions with insurers and claim managers.

8.1 Worker experience with general practitioners (GPs)

The GP in many cases is the first medical service in a workers compensation journey. The *SWA 2016 RTW survey* measured workers’ experiences with GPs. The following table compares the NSW workers’ experience with GPs with the national workers compensation dataset.

According to the *SWA 2016 RTW survey*, workers in NSW are generally more satisfied with GP services as a part of the system than the Australia wide cohort. The only exception to this was getting an appointment where NSW respondents rated the service they received similarly to the Australian cohort and benchmark.

**Figure 27: Workers’ experience with the services of general practitioners**

<table>
<thead>
<tr>
<th>Customer experience with GP</th>
<th>% Agreement Australia</th>
<th>% Agreement NSW</th>
</tr>
</thead>
<tbody>
<tr>
<td>You were able to easily get an appointment with your GP for your workplace injury or illness</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>The GP showed respect for what you had to say</td>
<td>95</td>
<td>96</td>
</tr>
<tr>
<td>The GP had contact either verbally or in writing with your employer about you returning to work</td>
<td>82</td>
<td>87</td>
</tr>
<tr>
<td>The GP provided access to all the medical services you needed to help you RTW</td>
<td>92</td>
<td>94</td>
</tr>
<tr>
<td>You had confidence in the GP you were speaking with</td>
<td>92</td>
<td>94</td>
</tr>
<tr>
<td>The GP played/is playing an important role in you returning to work</td>
<td>85</td>
<td>90</td>
</tr>
<tr>
<td>The GP issued medical certificates that included information on what you can do at work</td>
<td>92</td>
<td>96</td>
</tr>
<tr>
<td>The GP issued medical certificates that states when you could RTW</td>
<td>86</td>
<td>90</td>
</tr>
<tr>
<td>The GP explained to you the physical benefits of returning to work as soon as safely possible</td>
<td>78</td>
<td>81</td>
</tr>
<tr>
<td>The GP explained to you the psychological benefits of returning to work as soon as safely possible</td>
<td>68</td>
<td>70</td>
</tr>
</tbody>
</table>

*Source: SWA 2016 RTW survey (Sample size Australian cohort 4,034, NSW cohort 444)*
8.2 Workers’ experience with claims managers and insurers

Compared to the Australia wide benchmark, NSW respondents rated the service experienced with their claims managers and insurers generally as less favourably than the respondents across Australia, particularly in terms of getting hold of the right person, being treated with dignity and respect, and being kept informed about their claims.

Figure 28: Workers’ experience with claims managers and insurers

Source: SWA 2016 RTW survey (Sample size Australian cohort 5,124, NSW 812)

8.3 Employers’ experience in navigating the workers compensation system

In 2017 SIRA explored the experiences of stakeholders with the workers compensation system. The survey was undertaken by an independent research organisation in June 2017 with a total of 1,500 respondents. In the sample there were 153 employers or their representatives who had experienced a claim. Figure 29 summarises the results of the survey according to the employers that participated.

The results revealed that 65% of employers or employers’ representatives offered a five, six or seven rating out of seven on the overall question of satisfaction with the workers compensation system. The most positive aspects reported about the system were the interactions in obtaining their workers compensation insurance policy and in identifying their legal obligations as an employer under the workers compensation legislation. Understanding the workers compensation insurance policy information provided by their insurer was rated as the least positive experience.
To support the customer’s experience there are a number of services available within the workers compensation system. These services support system participants, primarily workers and employers with enquiries, complaints and disputes. While these services may vary in purpose and process - for example, some form part of a legal process while others seek to review decisions about an aspect of the workers compensation system - they all aim to provide an equitable and effective system for customers.

**Enquiries and management of complaint services**

Workers, employers, providers and other system participants are able to contact SIRA via the SIRA advisory service or WIRO to enquire about the workers compensation system. Similarly workers, employers, providers, and other system participants are able to raise complaints with SIRA or WIRO.

The SIRA complaints management service includes a service referring complaints to insurers with a service requirement that the insurer actively manage the complaint and respond to the worker within two business days. Should the customer remain unsatisfied or if the complaint is considered too complex it is referred to SIRA’s specialist customer care team to manage and resolve if practicable.
Enquiries

The SIRA enquiry service received over 61,400 enquiries regarding the workers compensation system in 2016/17. This number has decreased since last year (2015/16) when there were over 64,350 enquiries.

Figure 30: Number of customer enquiries received by SIRA and WIRO

![Graph showing number of customer enquiries received by SIRA and WIRO from 2013/14 to 2016/17.]

Source of enquiries made to WIRO: Periodic performance review 1 July 2016 to 30 June 2017

The following graph shows the top five types of enquiries SIRA received about the system.

Figure 31: Top five enquiry types to SIRA in 2016/17

![Pie chart showing the top five types of enquiries to SIRA in 2016/17. The largest category is Workers entitlements at 38%.]

Complaints

Throughout 2016/17 there were 2,540 level 1 complaints received by SIRA’s Customer Advisory Service and an additional 850 level 2 complaints requiring case management by Customer Care. WIRO reported receiving 2,752 complaints during the same period.

A level 1 complaint is defined as a complaint received by frontline staff where an insurer is notified (via email) by the Customer Advisory Service on behalf of the complainant. A level 2 complaint is an escalation of an unresolved level 1 complaint.

**Figure 32: Number of customer complaints received by SIRA and WIRO**

![Graph showing number of customer complaints received by SIRA and WIRO from 2013/14 to 2016/17.](image)

*Source of complaints made to WIRO: Periodic performance review 1 July 2016 to 30 June 2017*

The top five types of customer complaints are detailed in figure 33. The majority of complaints relate to payment issues (31%), followed by claims management issues (12%).

**Figure 33: Top five complaint types reported to SIRA in 2016/17**

![Pie chart showing top five complaint types reported to SIRA in 2016/17.](image)
8.5 Disputes

Within the current NSW system, there are two separate pathways for resolving workers compensation disputes – one for work capacity decisions managed by SIRA and one for other compensation and liability disputes managed by the WCC.

Work capacity decisions

The 2012 legislative amendments introduced dispute resolution processes for workers who disagree with their insurer’s work capacity decision. These include the following:

Internal review (Insurer) - An internal review is a review of the work capacity decision by someone within the insurer other than the person who made the decision.

Merit review (SIRA) - A merit review is undertaken by an independent decision maker at SIRA who conducts a merit review of the insurer’s work capacity decision and outlines findings and recommendations. These reviews are binding on the insurers.

Procedural reviews (WIRO) - A review by WIRO can follow a merit review by SIRA and is a procedural review of the insurer’s work capacity decision.

Figure 34: Work capacity decisions and reviews

Progression of work capacity decisions

The following shows a comparison since 2013/14 of the progress of disputes through the system.

**Figure 35: Progression of work capacity decisions**

<table>
<thead>
<tr>
<th>2016/17 work capacity decisions and reviews</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
<th>2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of all work capacity decisions that became internal reviews</td>
<td>17.1%</td>
<td>21.1%</td>
<td>21.2%</td>
<td>18.4%</td>
</tr>
<tr>
<td>% of all internal reviews that became merit reviews</td>
<td>27.9%</td>
<td>51.2%</td>
<td>40.7%</td>
<td>39.1%</td>
</tr>
<tr>
<td>% of merit reviews that became WIRO procedural reviews</td>
<td>14.3%</td>
<td>25.3%</td>
<td>16.1%</td>
<td>18.5%</td>
</tr>
</tbody>
</table>

**Internal review outcomes**

In 2016/17 over 1,433 internal reviews were undertaken by insurers. Around 37% of workers received a positive outcome from their internal review, 60% received the same outcome and 3% received an adverse outcome following an internal review.

Around 69% of Government self-insurers (TMF) internal review outcomes for 2016/17 favoured the worker compared to 45% for the NI and self-insurers.

**Figure 36: Number of internal reviews finalised by outcome**

- Better outcome for worker - reviewed or WCD/MR withdrawn
- Review declined
- Adverse outcome for worker
- Same outcome for worker
Merit review outcomes
Outcomes for merit reviews finalised in 2016/17 were the same outcome for the worker in 35% of reviews, a better outcome for the worker in 56% of reviews with 2% of reviews declined and 7% withdrawn.

Figure 37: Number of merit reviews finalised by outcomes for workers

![Bar chart showing the distribution of outcomes for merit reviews from 2013/14 to 2016/17.]

Procedural reviews outcomes
As outlined in figure 35, of the merit review decisions finalised in 2016/17, 18.5% or 125 merit review decisions were referred for procedural review and finalised by WIRO. Of those 97 (78%) were dismissed and 23 (18%) decisions upheld.

Figure 38: Number of procedural reviews outcomes in 2016/17

![Bar chart showing the outcomes of procedural reviews in 2016/17.]

Source WIRO data: Periodic performance review 1 July 2016 to 30 June 2017
Independent Legal Assistance and Review Service (ILARS)

ILARS provides workers with legal funding to have their disputes resolved as soon as possible. There are five main categories for injured workers to seek legal assistance. These are weekly payments, medical treatment expenses, claims for lump sum payments for permanent impairment, RTW issues and appealing WCC decisions.

The primary outcomes of applications for grants are as follows.

**Figure 39: ILARS outcomes**

Source: Periodic performance review 1 July 2016 to 30 June 2017
Workers Compensation Commission (WCC)

The WCC is an independent statutory tribunal that has jurisdiction to deal with a broad range of disputes. The majority of the compensation dispute applications are Applications to Resolve a Dispute (Form 2), and may involve claims for more than one type of compensation benefit, including weekly payments, medical and related treatment, and permanent impairment. In 2016-17, 58% of dispute applications involving statutory benefits were resolved within three months. These disputes fall into two main categories, including: (i) legal disputes, which may be lodged by any party to the dispute relating to weekly compensation exceeding 12 weeks, medical and related expenses exceeding $8,990.10 and all other compensation types and (ii) medical disputes, largely concerning the degree of permanent impairment resulting from injury, assessed by an Approved Medical Specialist. Disputes about permanent impairment can only be lodged by an injured worker.

Other compensation dispute applications include:

- Application for Expedited Assessment (Form 1) which involves disputes for weekly compensation benefits up to 12 weeks and/or medical expenses compensation up to $8,990.10. These applications are fast tracked to a teleconference to assist with resolving the dispute quickly and efficiently. In 2016-17, three quarters of these disputes were resolved within 14 days.
- Application to Resolve a Workplace Injury Management Dispute (Form 6), relating to injury management and return to work.
- Application for Assessment of Costs (Form 15)

The WCC also play a role in commutations by registering the commutation agreement (Form 5A). In addition, the WCC assists in resolving work injury damages disputes through mediation (Form 11C). Workers are required to participate in mediation in the Commission before court proceedings can start for work injury damages. In 2016-17, the WCC held a total of 1,230 mediations; 69% of which were settled, obviating the need for protracted litigation. The WCC also resolves disputes regarding threshold assessments (Form 7), defective pre-filing statements (Form 11B), directions for access to information and premises (Form 11) 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 a Deputy President for determination (Form 9). In 2016-17, the WCC received 58 arbitral appeal applications. Presidential members determined 53 appeals and one appeal was discontinued. Overall, 4% of appealable decisions were revoked.

- **Medical appeals**: a party may appeal against medical assessment by an Approved Medical Specialist concerning permanent impairment (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 2016-17, there were 458 medical appeal applications were lodged and 518 medical appeals were finalised. Approximately 9% of medical assessments by Approved Medical Specialists were overturned on appeal.

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1 Workers Compensation Commission Annual Review 2016-17, p.26
Figure 40 presents information on the different types of disputes heard by the commission over the past two years.

**Figure 40: Workers Compensation Commission applications**

<table>
<thead>
<tr>
<th>WCC application type</th>
<th>2015/16</th>
<th>2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application to Resolve a Dispute (Form 2)</td>
<td>5,278</td>
<td>5,014</td>
</tr>
<tr>
<td>Application for Expedited Assessment (Form 1)</td>
<td>117</td>
<td>86</td>
</tr>
<tr>
<td>Workplace Injury Management Dispute (Form 6)</td>
<td>51</td>
<td>41</td>
</tr>
<tr>
<td>Application for Assessment of Costs (Form 15)</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>Registration of Commutation (Form 5A)</td>
<td>47</td>
<td>54</td>
</tr>
<tr>
<td>Application for Mediation (Form 11C)</td>
<td>1,384</td>
<td>1,313</td>
</tr>
<tr>
<td>Application to Cure a Defective Pre-filing Statement (Form 11B)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Application to Strike Out a Pre-Filing Statement (Form 11E)</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>Disputed Direction for Access to Information and Premises (Form 11)</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Arbitral Appeal (Form 9)</td>
<td>70</td>
<td>58</td>
</tr>
<tr>
<td>Application for Leave to Refer a Question of Law (Form 13)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Medical Appeal (Form 10)</td>
<td>647</td>
<td>458</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,615</strong></td>
<td><strong>7,046</strong></td>
</tr>
</tbody>
</table>

*Source: Workers Compensation Commission Annual Review 2016-17*
9. Performance framework: Equity

Customers’ perception of how fairly they are treated in the compensation system is an important measure and as noted earlier in the report, the group reporting that the system had treated them fairly achieved an 88% RTW rate compared to a RTW rate of 68% for those who did not believe that the system treated them fairly.

9.1 Worker perception of fairness

To gain an insight into workers perception of equity their experience was measured across five areas likely to impact on their perception: transparency, strength of communication, system intent, fairness and overall effect on recovery. Of NSW workers surveyed, 81% considered the workers compensation system offered them a fair service while 83% considered that the process was open and honest and 82% of respondents felt the system helped their recovery.

Figure 41: Worker perceptions of fairness in the NSW workers compensation system

Source: SWA 2016 RTW survey (Sample size NSW, 444)
10. We welcome your feedback

If you would like to offer us feedback or comment on the 2016/17 NSW workers compensation system annual performance report please contact us via WCRSystemperformance@sira.nsw.gov.au

SIRA will also be undertaking some evaluation of this report and looking to continuously improve this service.
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Figure 7: Impact of workers perception of their health on RTW
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Figure 38: Number of procedural reviews outcomes in 2016/17
Figure 39: ILARS outcomes
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Figure 41: Worker perceptions of fairness in the NSW workers compensation system
# 12. Glossary of terms regularly used in this report

<table>
<thead>
<tr>
<th>Standard terms</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active weekly claim</td>
<td>An active weekly claim in a given financial year is defined as a claim with any weekly payment in the financial year.</td>
</tr>
</tbody>
</table>
| Claim                    | Means a claim for workers compensation or work injury damages that a person has made or is entitled to make under the *Workplace Injury Management and Workers Compensation Act 1998*.  

The injury or illness may be physical or psychological, but employment must be a substantial contributing factor to injury for compensation to be payable.  

Note that police officers, paramedics, fire fighters, volunteer bush fire fighters and emergency and rescue services volunteers may be able to claim for injury suffered during journeys to and from work or place of volunteering without the need to show a real and substantial connection with employment.  

This report includes claims from workers whose employer is uninsured. Where a split by insurer segment is shown, claims of uninsured employers are included with the Nominal Insurer segment.  

This report excludes claims for:  

- dust diseases. These are administered by the Dust Diseases Authority  
- workers who are self-employed  
- employees of the Australian Government  
- NSW Police Service workers recruited prior to 1 April 1988 and those deemed to be non-police employees of the NSW Police Service.  

<p>| Claim incidence rate    | The number of claims per 1,000 employees in the NSW Workers Compensation system using annual total number of employed people in NSW jurisdiction provided by Safe Work Australia based on ABS source data files. The number of employed people in NSW in financial year 2016/17 is a projected total based on the last six-years’ annual series. |</p>
<table>
<thead>
<tr>
<th>Standard terms</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Common law (WID)</strong></td>
<td>Lump sum payments for damages and common law legal expenses incurred by the worker or agent/insurer, pursuant to Part 5 Common Law remedies, Sections 149 to 151AD, <em>Workers Compensation Act 1987</em> No 70 and Section 318H, <em>Workplace Injury Management and Workers Compensation Act 1998</em>. No. 86. WID stands for ‘Work injury damages’ and this term is used interchangeably with ‘common law’.</td>
</tr>
<tr>
<td><strong>Commutation</strong></td>
<td>The actual gross amount of commutation awarded or agreed upon for the claim. This refers to compensation where a commutation of the claimant’s right to compensation has been made by the insurer. The up-front lump sum payment is made to an injured worker in place of continuing weekly compensation award and future medical and hospital expenses, pursuant to Part 3, Division 9 Commutation of compensation, Sections 87D to 87K, <em>Workers Compensation Act 1987</em> No. 70.</td>
</tr>
<tr>
<td><strong>Contributions</strong></td>
<td>The premium value used for Government self-insurers (TMF) in this report is the total of the deposit contributions made by each member agency.</td>
</tr>
<tr>
<td><strong>Death payments</strong></td>
<td>Funeral expenses, weekly payments for dependent children and lump sum payments paid to the dependents or estate of the deceased worker, pursuant to the <em>Workers Compensation Act 1987</em> No. 70 and <em>Workers Compensation (Dust Diseases) Act 1942</em>.</td>
</tr>
<tr>
<td><strong>Deemed premium</strong></td>
<td>The premium value used for self-insurers in this report, calculated as wages covered multiplied by the premium rate applicable for the appropriate industry class.</td>
</tr>
<tr>
<td><strong>Fatality</strong></td>
<td>Fatalities are employment injuries and diseases resulting in the death of the injured worker. This category includes workers killed at work or when a worker subsequently dies of injuries received at work. Fatalities include notifications of work related injuries and liability accepted claims. Fatalities exclude liability denied claims, claims with no action after notification and claims with liability status of reasonable excuse.</td>
</tr>
<tr>
<td><strong>Fatality incidence rate</strong></td>
<td>The number of claims per 100,000 employees in the NSW Workers Compensation system using annual total number of employed people in NSW jurisdiction provided by Safe Work Australia based on ABS source data files. The number of employed people in NSW in financial year 2016/17 is a projected total based on the last six-year’s annual series.</td>
</tr>
<tr>
<td><strong>Standard terms</strong></td>
<td><strong>Definitions</strong></td>
</tr>
<tr>
<td>------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Gross written premium</td>
<td>The premium value used for specialised insurers in this report.</td>
</tr>
<tr>
<td>Insurer type</td>
<td>Insurer type refers to the general grouping of insurers into segments and includes claims and policy scheme agents and insurers: Nominal Insurer, self-insurers (non-Government self-insurers), specialised insurers and TMF (Government self-insurer).</td>
</tr>
<tr>
<td>Legal</td>
<td>Legal expenses incurred in handling the claim and those incurred by the claimant, pursuant to Sections 25, 29, 32, 87, <em>Workers Compensation Act 1987</em> No. 70 and Sections 337, 338 and 339, <em>Workplace Injury Management and Workers Compensation Act 1998</em> No. 86. Legal costs reported in this report include Independent Legal Assistance and Review Service (ILARS) legal costs.</td>
</tr>
<tr>
<td>Market share</td>
<td>The proportion of total wages reported as insured by the insurer segment.</td>
</tr>
<tr>
<td>Mechanism of incident</td>
<td>The action, exposure or event that best describes the circumstances that resulted in the most serious injury or disease.</td>
</tr>
<tr>
<td></td>
<td>Mechanism of incident applies to claims entered into the insurer's system on or after 1 July 2011 and uses the Type of Occurrence Classification System, 3rd Edition (Revision 1) Australian Safety and Compensation Council, Canberra 2008.</td>
</tr>
<tr>
<td>Medical</td>
<td>Payments for ambulance services, medical treatment, hospital treatment, physiotherapy treatment and chiropractic treatment.</td>
</tr>
<tr>
<td>MPPGs</td>
<td>Market Practice and Premiums Guidelines</td>
</tr>
<tr>
<td>Net premium</td>
<td>The premium value used for the Nominal Insurer in this report, calculated as total premium payable net of GST and levies, such as the dust disease levy and mine safety levy.</td>
</tr>
<tr>
<td>Nominal Insurer</td>
<td>The Nominal Insurer was established by Division 1A of Part 7 of the 1987 Act.</td>
</tr>
<tr>
<td>Standard terms</td>
<td>Definitions</td>
</tr>
<tr>
<td>--------------------------------</td>
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</tr>
<tr>
<td>NSW system</td>
<td>The NSW workers compensation system includes all insurer types: Nominal Insurer, Government self-insurers (TMF), self-insurers and specialised insurers. Uninsured liability claims covered by the NSW workers compensation system have been included with the Nominal Insurer in this report.</td>
</tr>
<tr>
<td>Other payments</td>
<td>Payments for repair to or replacement of artificial limbs and clothing as a result of the workplace injury, amounts paid to any approved interpreter service for English language assistance to the claimant, transport and maintenance expenses related to travel costs incurred by the worker and shared claim payments.</td>
</tr>
<tr>
<td>Payment group</td>
<td>Total payments have been grouped into: weekly, medical, common law, rehabilitation, Sections 66, investigation, legal, death payments, commutation and other.</td>
</tr>
<tr>
<td>Payments to workers</td>
<td>The sum of payments for weekly benefits, common law excluding common law legal cost, death payments, sections 66 payments and commutations.</td>
</tr>
<tr>
<td>Payments for workers</td>
<td>The sum of payments for medical treatment, ambulance services, hospital treatment, chiropractor services, physiotherapy services and rehabilitation services.</td>
</tr>
<tr>
<td>Permanent impairment (Section 66)</td>
<td>Payments for Section 66</td>
</tr>
<tr>
<td></td>
<td>Section 66 payments are lump sum payments for the permanent loss or impairment of a specified bodily function or limb, or severe facial or bodily disfigurement, including interest, pursuant to Section 66, <em>Workers Compensation Act 1987</em> No. 70 and as provided by the Table of Disabilities or whole person impairment (WPI) and Ready-reckoner of Benefits Payable.</td>
</tr>
<tr>
<td>Premium</td>
<td>The premium value used for the Nominal Insurer in this report is calculated as total premium payable net of GST and levies, such as the dust disease levy and mine safety levy. Premium for self-insurers is deemed premium, calculated as wages covered multiplied by the premium rate applicable for the appropriate industry class. Premium for Government self-insurers (TMF) is the value of the deposit contributions made by each member agency. Premium for specialised insurers is the gross written premium, net of GST and levies, such as the dust disease levy and mine safety levy.</td>
</tr>
<tr>
<td>Standard terms</td>
<td>Definitions</td>
</tr>
<tr>
<td>-------------------------------</td>
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</tr>
<tr>
<td>Rehabilitation treatment</td>
<td>Payments for a single workplace rehabilitation service, a suite of services provided to assist a worker to RTW with the same employer, a suite of services provided to assist a worker to RTW with a different employer or travel costs of the workplace rehabilitation provider in the delivery of rehabilitation services, pursuant to Sections 59, 60 and 63A, <em>Workers Compensation Act 1987</em> No. 70. Rehabilitation treatment includes the initial rehabilitation assessment, workplace assessment, advice concerning job modification, and rehabilitation counselling. Rehabilitation treatment does not include medical, hospital, and physiotherapy or chiropractic treatment.</td>
</tr>
<tr>
<td>Reportable claims</td>
<td>Reportable claims are all claims excluding administration error claims, claims closed with zero gross incurred cost, claims shared between two and more workers compensation agents/insurers and agent/insurer is not responsible for the management of the claims, and claims with payments only for recoveries, vocational programs or invalid payment classification numbers.</td>
</tr>
<tr>
<td>RTW rate: Lost time rate</td>
<td>The cessation of weekly payments RTW rate or the lost time rate is calculated as the proportion of those claimants that have had any type of weekly benefits (full or current) who are off weekly benefits at the measurement point in time, where the claim was reported in the reference financial year, allowing for a development period (one month for the 4-week measure, three months for the 13 week measure, six months for the 26-week measure).</td>
</tr>
<tr>
<td>RTW rate: work status measure</td>
<td>The work status measure RTW rate is calculated as the proportion of those claimants that have ceased work and had at least one day off work who are working at the measurement point in time, where the claim was reported in the reference financial year.</td>
</tr>
<tr>
<td>Self-insurer</td>
<td>Means a person who holds a licence as a self-insurer under division 5 of Part 7 of the 1987 Act.</td>
</tr>
<tr>
<td>Specialised insurer</td>
<td>Means an insurer who holds a licence as a specialised insurer under Division 3 of Part 7 of the 1987 Act.</td>
</tr>
<tr>
<td>SafeWork NSW</td>
<td>The New South Wales workplace health and safety regulator.</td>
</tr>
<tr>
<td>SWA</td>
<td>Safe Work Australia</td>
</tr>
<tr>
<td>SWA 2016 RTW survey</td>
<td>The RTW survey data in this report was sourced from the (SWA) 2016 RTW survey, undertaken in April 2016 and a summary report was published by SWA on 11 January 2017.</td>
</tr>
<tr>
<td>Standard terms</td>
<td>Definitions</td>
</tr>
<tr>
<td>---------------------</td>
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</tr>
<tr>
<td>Weeks lost</td>
<td>The number of weeks injured workers are off work due to a work related injury or disease. The number of weeks lost is calculated as time lost divided by hours worked per week. Time lost is the hours lost, if reported, otherwise it is calculated as the sum of period paid for incapacity. The methodology assumes a 40-hour working week if hours worked per week are not reported. Note that time lost in this derivation only includes actual time lost and does not include estimates. Time lost in the Statistical Bulletin is a different measure, using only claims reported in the financial year and includes estimated time lost.</td>
</tr>
<tr>
<td>Total wages</td>
<td>The total amount of all wages and remuneration paid by an employer to employee(s).</td>
</tr>
<tr>
<td>Workers</td>
<td>A worker who has sustained a work related injury or illness as defined by section 4 and deemed by Schedule 1 of 1988 Act.</td>
</tr>
<tr>
<td>Treasury Managed Fund</td>
<td>Treasury Managed Fund (TMF) was also known as NSW Self Insurance Corporation (SiCorp). TMF provides workers compensation to most NSW public sector employers except those who are self-insurers.</td>
</tr>
<tr>
<td>Weekly payments</td>
<td>Weekly payments paid to an injured worker for incapacity.</td>
</tr>
</tbody>
</table>
### 13. Data notes

<table>
<thead>
<tr>
<th>Performance framework and measures</th>
<th>Notes</th>
</tr>
</thead>
</table>
| Effectiveness: RTW rates          | • Selection criteria - Work status measure: reportable claims that have ceased work and had at least one day off work with date entered into the insurer’s system in financial years 2014/15 to 2016/17.
|                                   | • Selection criteria – Cessation of weekly payments measure (Lost time claim measure/rate): reportable claims that have had any type of weekly benefits (full or current) with date entered into the insurer’s system in financial years 2014/15 to 2016/17, allowing for a development period (one month for the 4-week measure, 3 months for the 13-week measure and 6 months for the 26-week measure).
|                                   | • Observations for 2016/17 are preliminary only as data for 2016/17 year is not fully developed. Due to the development period required for each measure, the 2016/17 financial year contains smaller cohorts for each measure; the 4-week measure cohort spans 11 months; the 13-week measure cohort spans 9 months; the 26-week measure cohort spans 6 months.
|                                   | • Work status has been measured at the end of each month so care needs to be exercised when interpreting the 4-week measure.
|                                   | • Steps were taken in the year 2014/15 to improve the data quality of work status code. From January 2015 the data quality of the work status code was linked to agent remuneration for Nominal Insurer agents. Care should therefore be exercised when comparing data in 2014/15 to 2015/16 and 2016/17.
<table>
<thead>
<tr>
<th>Performance framework and measures</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of reported claims and incidence rates</td>
<td>• Selection criteria: all reportable claims with date entered into the insurer’s system in financial years 2012/13 to 2016/17.</td>
</tr>
</tbody>
</table>
| Number of reported fatalities and incidence rate                        | • Selection criteria: reportable fatalities, determined using liability status code as at 30 September 2017, with date entered into the insurer’s system in financial years 2012/13 to 2016/17. Only one claim is counted where a single claimant has more than one fatality claim.  
• This report counts the fatality in the year the claim was entered into the insurer’s system, regardless of whether the workers compensation claim was originally reported as non-fatal.  
• The historical fatality figures reported in future reports may differ to those in this report due to liability being determined. |
<p>| The five industry groups with the highest number of work related fatalities in 2016/17 | • 'Other industries' include industry divisions B: Mining, D: Electricity, gas water and waste services, G: Retail trade, H: Accommodation and food services, J: Information media and telecommunications, K: Financial and insurance services, L: Rental, hiring and real estate services, M: Professional, scientific and technical, N: Administrative and support services, O: Public administration and safety, P: Education and training, Q: Health care and social assistance, R: Arts and recreation services, and S: Other services. |
| Fatality information by mechanism                                       | • Selection criteria: reportable fatalities, determined using data as at 30 September 2017, with date entered into the insurer’s system in financial year 2016/17.                                                                                                                                                                           |</p>
<table>
<thead>
<tr>
<th>Performance framework and measures</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Efficiency:</strong></td>
<td></td>
</tr>
</tbody>
</table>
| Percentage of premium going directly to benefit injured workers | • Selection criteria: Payments made in financial years 2012/13 to 2016/17 for all reportable claims.  
• Refer to the glossary of terms for definitions of payment groups. |
| **Timeliness of reporting claims – excluding occupational diseases** |       |
| | • Selection criteria: reportable claims for the Nominal Insurer, excluding diseases, with date entered into the insurer’s system in financial years 2012/13 to 2016/17.  
• The measure of timeliness of reporting claims is based on the percentage of claims where the employer has incurred an excess under section 160 of the 1987 Act and section 6.3 of the Market Practice and Premiums Guidelines. |
| **Timeliness of liability decisions – Provisional liability accepted or reasonable excuse** |       |
| | • Selection criteria: all reportable claims, with first liability status date in financial year 2016/17 and first liability status code is 08 ‘Provisional liability accepted - weekly and medical payments’ or 09 ‘Reasonable excuse’ or 11 ‘Provisional liability accepted – medical only, weekly payments not applicable’.  
• The time taken for a provisional liability accepted or reasonable excuse liability decision to be made is calculated as the time from date of notification to the first liability status date, where the liability status code is 08 ‘Provisional liability accepted - weekly and medical payments’ or 09 ‘Reasonable excuse’.

| **Viability:** | Stability of claims costs and premiums | • Selection criteria – claims costs: Payments made in financial years 2012/13 to 2016/17 for all reportable claims.  
• Refer to the glossary of terms for definitions of payment groups. |
### Performance framework and measures

<table>
<thead>
<tr>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Selection criteria – active weekly claims: reportable claims with weekly payments made in financial years 2012/13 to 2016/17.</td>
</tr>
<tr>
<td>• Selection criteria – weekly payments: weekly payments made in financial years 2012/13 to 2016/17 for all reportable claims.</td>
</tr>
<tr>
<td>• Average weekly payment is calculated as weekly payments divided by number of active weekly claims in the financial year.</td>
</tr>
</tbody>
</table>

#### Affordability:

<table>
<thead>
<tr>
<th>Premium costs as a percentage of reported NSW payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Selection criteria: premium and wages reported for financial years 2012/13 to 2016/17.</td>
</tr>
<tr>
<td>• Refer to the glossary of terms for definition of premium.</td>
</tr>
</tbody>
</table>

#### Customer experience

<table>
<thead>
<tr>
<th>Work capacity decisions and reviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Selection criteria: for financial years 2012/13 to 2016/17;</td>
</tr>
<tr>
<td>- insurer work capacity decisions issued</td>
</tr>
<tr>
<td>- insurer internal reviews finalised</td>
</tr>
<tr>
<td>- SIRA merit reviews finalised</td>
</tr>
<tr>
<td>• SIRA merit review service is the source of merit reviews data.</td>
</tr>
</tbody>
</table>