

ACT PRIVATE SECTOR WORKERS' COMPENSATION SCHEME PERFORMANCE SUMMARY

KEY FACTS

- Approximately 117,750 workers covered
- 14,000 policies
- 4,500 claims annually

PAYMENT PROFILE

- 90% of workers (4,000) recover and return to work quickly
- 10% of claims (440) account for 80% of costs
 - These claims account for 1.13% of wages or 55% of the reasonable premium rate
 - The majority (58%) of these claims relate to sprains, strains and muscle stress
 - Top six industries (detailed level) for lump sum/common law claims :
 - Supermarket and Grocery Stores 5.65%
 - Cafes and Restaurants 4.79%
 - Cleaners 4.45%
 - Accommodation 3.08%
 - Department stores 2.17%
- 17.5% of scheme payments are legal and investigation fees for employers and workers (paid by the insurer)
 - Workers may also face additional costs in the form of solicitor/client and uplift fees

National comparisons

Lump sum and Death compensation



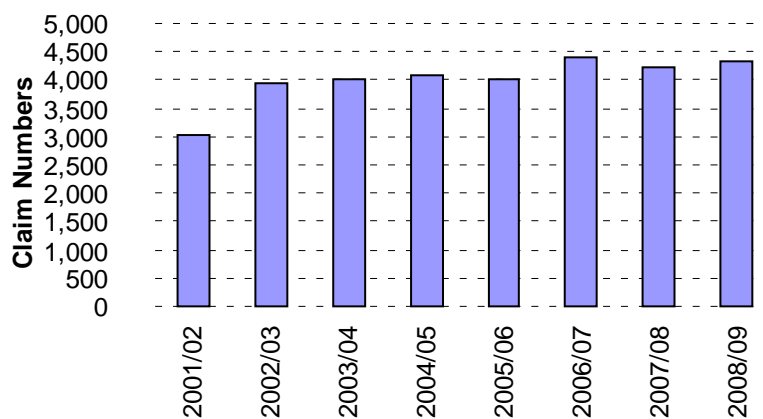
WA – up to \$126,374 is added to the \$183,000 lump sum if the injury has resulted in total permanent incapacity

Comparison of sample Premium Rates for 2010/2011

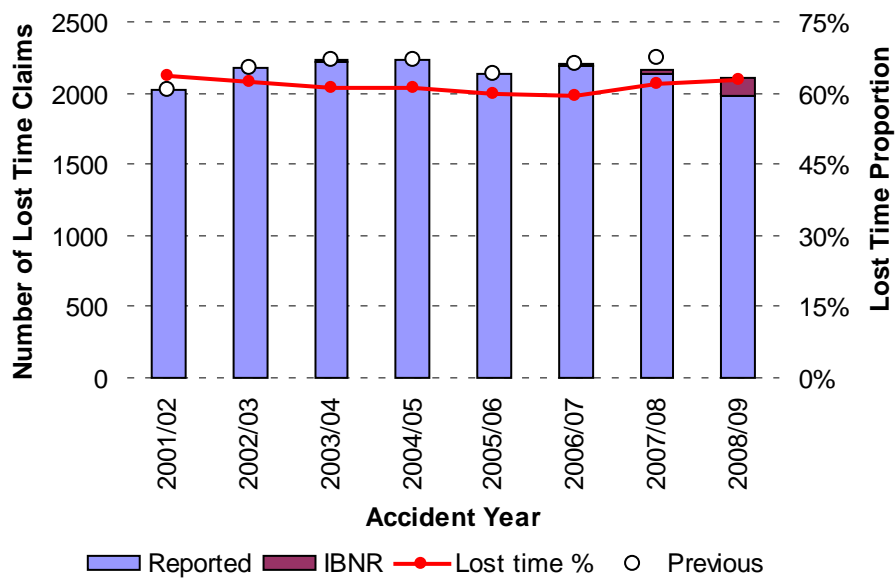
| Classification | WorkCover NSW | WorkCover | Average ACT rate (sample of insurers) |
|-------------------------------|---------------|-----------|--|
| | | WA | |
| House Construction | 5.04% | 1.10% | 7.55% |
| Road and Bridge Construction | 4.29% | 1.80% | 9% |
| Tiling & Carpeting Services | 7.57% | 3.48% | 10.77% |
| Automotive Repair & Services | 2.79% | 2.04% | 4.59% |
| Accommodation | 3.67% | 2.13% | 4.05% |
| Computer Consultancy Services | 0.24% | 0.25% | 1% |
| Accounting Services | 0.24% | 0.25% | 0.71% |
| Hairdressing & Beauty Salons | 1.78% | 0.94% | 3.92% |
| Childcare Services | 2.45% | 1.71% | 3.6% |
| Supermarket & Grocery Stores | 4.36% | 1.84% | 4.62% |

ACT Claim Profile

Claim numbers

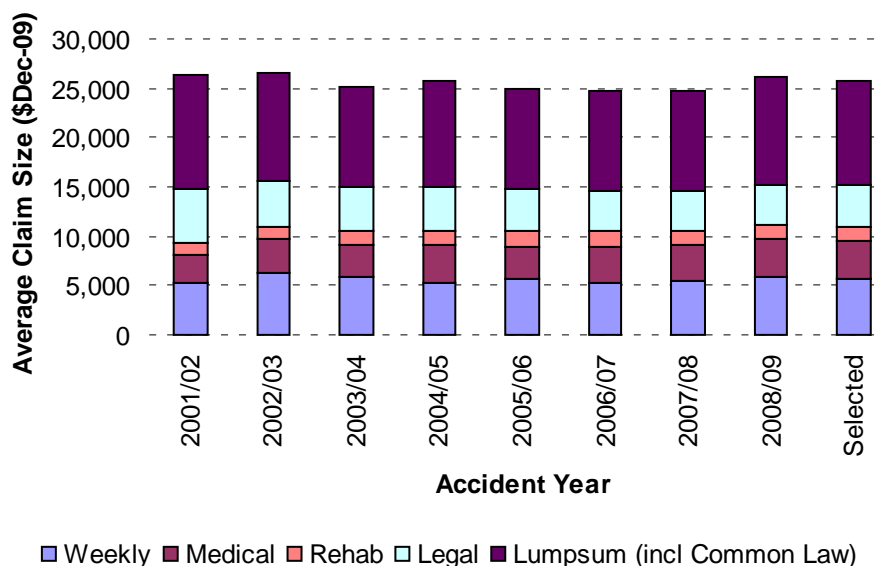


Lost time claims



- The top five occupations generating the most claims in the Scheme are (2007/08):
 1. Sales 35%
 2. Labourers 21%
 3. Cleaners 17%
 4. Carers 13%
 5. Childcare 13%
- The top five industries with the highest percentage of total scheme claims costs (2007/08)
 - Construction - 23.72%
 - Retail Trade – 18.93%
 - Property and Business Services – 14.03%
 - Health and Community Services – 7.59%
 - Manufacturing – 7.15%

Average claim size – all incurred claims



Premium

- Small employers (less than 20 employees) account for 86% of policies and 45% of premiums
- Medium 20 – 99 employees = 10% of policies and 35% of premium

Comparison of whole person impairment framework compared to existing and to NSW

| Injury | Proposed WPI framework and increased maximum (\$220,000) | | Existing framework and existing single loss maximum (\$126,622) | | NSW Comparison (WPI framework) |
|---|--|----------------------------|---|----------------------------|--------------------------------|
| | % WPI | Statutory lump sum payable | Schedule 1 | Statutory lump sum payable | |
| Amputation of middle toe at metatarsophalangeal joint | 1% | \$2,200 | 6% | \$7,597 | 1% = \$1,375 |
| Tibial plateau fracture with no displacement | 2% | \$4,400 | Not covered | Nil | 2% = \$2,750 |
| Total medial meniscectomy (Knee) | 3% | \$6,600 | Not covered | Nil | 3% = \$4,125 |
| Arthritis of knee joint with 3mm cartilage interval | 3% | \$6,600 | Not covered | Nil | 3% = \$4,125 |

| Injury | Proposed WPI framework and increased maximum (\$220,000) | | Existing framework and existing single loss maximum (\$126,622) | | NSW Comparison (WPI framework) |
|--|--|----------------------------|---|----------------------------|---------------------------------|
| | % WPI | Statutory lump sum payable | Schedule 1 | Statutory lump sum payable | |
| Amputation of little finger at the metacarpophalangeal joint | 5% | \$11,000 | 9% | \$11,396 | 5% = \$6,875 |
| Lumbar disc protrusion with associated spasm and guarding but no radiculopathy | 5-8% | \$11,000 - \$17,600 | Not covered | Nil | 5 - 8% = \$6,875 - \$11,000 |
| Visible simple facial scarring with usual hairstyle and clothing | 5-9% | \$11,000 - \$19,800 | Not covered | Nil | 5 - 9% = \$6,875 - \$12,375 |
| Displaced patellar fracture with non-union | 7% | \$15,400 | Not covered | Nil | 7% = \$9,625 |
| Amputation of great toe at metatarsophalangeal joint | 9% | \$19,800 | 22% | 22% = \$27,857 | 9% = \$12,375 |
| Tibial plateau fracture with 10 degrees of angulation | 10% | \$22,000 | Not covered | Nil | 10% = \$13,750 |
| Arthritis of knee joint with 1mm cartilage interval | 10% | \$22,000 | Not covered | Nil | 10% = \$13,750 |
| Lumbar disc protrusion with associated spasm and guarding and radiculopathy | 10-13% | \$22,000 - \$28,600 | Not covered | Nil | 10 - 13% = \$13,750 - \$18,700 |
| Non-melanoma skin cancer | 6 – 10% | \$13,200 - \$22,000 | Not covered | Nil | 6 – 10% = \$8,250 - \$13,750 |
| Replacement of shoulder joint | 14% | \$30,800 | Not covered | Nil | 14% = \$20,350 |
| THRESHOLD – ACCESS TO COMMON LAW | | | | | |
| Air passage defects - dyspnea is produced by stress, prolonged exertion, hurrying, hill-climbing, or recreational or similar activities (except sedentary forms) | 11 – 29% | \$24,200 - \$63,800 | Not covered | Nil | 11% - 29% = \$15,400 – \$55,000 |

| | Proposed WPI framework and increased maximum (\$220,000) | | Existing framework and existing single loss maximum (\$126,622) | | NSW Comparison (WPI framework) |
|---|--|----------------------------|---|----------------------------|--------------------------------|
| Injury | % WPI | Statutory lump sum payable | Schedule 1 | Statutory lump sum payable | |
| Binaural hearing impairment (29.1-30.1%) | 15% | \$33,000 | Total loss of hearing (1 ear) 20% | \$25,324 | 15% = \$22,000 |
| Urinary diversion disorders (Nephrostomy & Neobladder/replacement cystoplasty) | 15% | \$33,000 | Not covered | Nil | 15% = \$22,000 |
| Impairment for ankle ankylosis in the neutral position | 15% | \$33,000 | Not covered | Nil | 15% = \$22,000 |
| Symptoms and signs of bladder disorder (eg urinary frequency), requiring continuous treatment | 16-40% | \$35,200 - \$88,000 | Not covered | Nil | 16-40% = \$23,650 - \$85,250 |
| Latex contact urticaria/angioedema with cross reactions | 17% | \$37,400 | Not covered | Nil | 17% = \$25,300 |
| 30% wedge compression fracture of C6 vertebral body | 15-18% | \$33,000 - \$39,600 | Not covered ¹ | Nil | 15 - 18% = \$22,000 - \$26,950 |
| Fused hip joint in optimal position | 20% | \$44,000 | Not covered | Nil | 20% = \$30,250 |
| Amputation of thumb at metacarpophalangeal joint | 22% | \$48,400 | R 30% | \$37,987 | 22% = \$35,750 |
| | | | L 26% | \$32,922 | |
| Amputation at ankle | 25% | \$55,000 | Amputation of foot - 65% | \$82,304* | 25% = \$44,000 |
| Cervical fusion of C5 and C6 and no associated neurological sequelae | 25-28% | \$55,000 - \$61,600 | Not covered | Nil | 25-28% = \$44,000 - \$52,250 |
| Total loss of function of median nerve at the carpal tunnel | 27% | \$59,400 | Not covered | Nil | 27% = \$49,500 |

¹ Note: Schedule 1 provides for compensation for a 'permanent impairment of back', payable at a rate of 60% of the maximum single loss amount. In practice, this would be applied to significant impairment cases.

| | Proposed WPI framework and increased maximum (\$220,000) | | Existing framework and existing single loss maximum (\$126,622) | | NSW Comparison (WPI framework) |
|---|--|---------------------------------------|---|--|--|
| Injury | % WPI | Statutory lump sum payable | Schedule 1 | Statutory lump sum payable | |
| Impairment for knee ankylosis | 27% | \$59,400 | Not covered | Nil | 27% = \$49,500 |
| Amputation of hand (all digits at metacarpophalangeal joints) | 54% | \$118,800 | Loss of hand (as opposed to loss of all fingers) | R 70% = \$88,635* L 65% = \$82,304* | 54% = \$139,150 |
| Thoracic spinal fracture at T10 with complete paraplegia | up to 93% | 93% = \$220,000 | 60% permanent impairment of back | \$75,973 | Up to 93% - \$231,000 |
| Workplace fatality | | \$450,000 \$9,000 funeral benefits | | \$189,900* \$5,100 funeral benefits | \$449,850 (30 Sept 2010) \$455,900 (1 October 2010) |

- Adoption of the whole person impairment framework will increase the number of permanent injuries entitled to lump sum compensation
 - Current, only workers that meet a set list of prescribed physical injuries are eligible for lump sum compensation (injuries resulting in amputation, loss of sight, taste or smell, loss of the power of speech or injuries causing permanent brain damage)
 - Proposed, increases maximum lump sum compensation and broadens the lump sum compensation regime to include injuries that have a permanent life impact for a worker including – soft tissue injuries that result in permanent nerve damage, impairment from a prolapsed disc or impairment caused by psychological injury.