



Insurance Council
of Australia



Workers' Compensation Policy Paper

Contents

| | |
|-------------------------------------------------------------------------------------------------|------------|
| Executive Summary | 3 |
| Overview | 3 |
| Introduction | 4 |
| Overview of workers' compensation insurance | 5 |
| What is workers' compensation insurance? | 5 |
| How is workers' compensation different from other insurance? | 5 |
| What are the differences in workers' compensation schemes across Australia? | 6 |
| Workers' compensation premiums | 13 |
| How is workers' compensation insurance priced? | 13 |
| Understanding claims costs | 16 |
| Why premiums may rise even when no claims have been made | 24 |
| Outline of industries impacted by higher premiums | 25 |
| Recent trends in workers' compensation premiums: | 28 |
| Analysis of profitability in workers' compensation schemes | 30 |
| Pressures on workers' compensation schemes - deep dive into existing and emerging issues | 32 |
| Pressures on workers' compensation schemes | 32 |
| Existing and emerging issues | 32 |
| Recommendations to address pressures on workers' compensation insurance premiums | 45 |
| Glossary | 466 |

Executive Summary

Overview

This paper provides an explanation of workers' compensation insurance schemes and an outline of the jurisdictional differences in the state and territory schemes and recent trends in premiums. It provides an analysis of industries that are experiencing higher than average premiums and offers recommendations for action by stakeholders including governments and regulators to help address cost pressures on employers.

Key Findings

- **Trends in average premium rates:** since 2021/22, average premium rates have increased in publicly (government) underwritten schemes by 23.03 per cent, increased in privately/competitively underwritten schemes by 0.94 per cent and increased across all schemes by 11.98 per cent. Inflation was approximately 24 per cent between 2020-2025.
- **Higher-risk industries:** industries with a higher likelihood of workplace injuries such as construction and mining typically have premium rates that are significantly higher than average due to their inherent risk levels and potential for higher claims costs.
- **Claims costs:** claim frequency has been relatively stable in privately underwritten schemes but claim costs have increased. For example, in WA, claim payments increased by 22.4 per cent in the four years up to 2023/24.¹
- **Longer duration claims:** there is an increasing trend in the proportion of longer duration claims involving more time off work. For example, in WA, the proportion of claims with 60+ days of lost time has increased from 39.3 per cent in 2020/21 to 45.7 per cent in 2023/24.²
- **Pressures on schemes:** psychological injury claims and other complex claims are associated with higher costs and a delay in workers returning to work. While claim frequency has been relatively stable in recent years, average claim costs are increasing, with psychological injury claims and complex claims partly behind the increases. For example, the average time taken off work for mental health-related claims increased by 86 per cent between 2000 and 2017 and the costs of mental health-related claims increased by 209 per cent over the same period.³ Other existing and emerging issues such as dust diseases are another potential pressure on the schemes.
- **Recommendations:** a coordinated effort involving governments, regulators, insurers and health professionals to address existing and emerging issues such as psychological injury claims and other complex and long duration claims would help ease pressure on workers' compensation schemes.

¹ Workers Compensation in Western Australia Annual Statistical Report 2023/24, WorkCover WA, November 2024, [WorkCover-WA-Annual-Statistical-Report-2020-21-to-2023-24-Sep-2024-BISstatrep.pdf](#)

² Ibid.

³ Has the mental health of working Australians changed over the last 20 years?, Arena, A., Petrie, K., Deady, N., Morris, R., and Harvey, S., Black Dog Institute.

Introduction

The Insurance Council is the representative body of Australia's general insurance industry. Our members account for approximately 90 per cent of total premium written by general insurers and reinsurers. As a foundational component of the Australian economy, the general insurance industry writes 90 million policies a year, paying out \$58.9 billion in claims in 2025 – an average of \$226 million every working day.

Amid the rising cost of living and cost pressures on businesses, some employers are feeling the impact of increasing insurance premiums, including workers' compensation premiums. We understand employers may feel frustrated by these premium increases, especially if they have not made any claims.

This paper aims to help policymakers and other stakeholders including employers, injured workers and other professionals understand workers' compensation insurance better, particularly the recent trends in pricing and the factors contributing to higher costs in some industries. By explaining what drives these changes, we hope to provide greater clarity on the challenges facing the industry.

In addition, this paper provides recommendations for stakeholders including governments and regulators to collaborate on finding practical solutions to address the underlying pressures behind workers' compensation insurance.

Overview of workers' compensation insurance

What is workers' compensation insurance?

Workers' compensation is a type of insurance that exists to support workers in the event of a work-related injury or illness. Australian law requires employers to have insurance to cover their workers in the event they sustain a work-related injury or illness. Workers' compensation schemes are administered and/or regulated by the government.

There are 11 main workers' compensation schemes in Australia. There is a scheme for each state and territory and three Commonwealth schemes. Each one is governed by different laws and may vary in the way it operates.

Each state and territory has their own regulator that monitors and enforces workers' compensation laws. Information is provided on each regulator's website:

- Australian Capital Territory: [WorkSafe ACT](#)
- New South Wales: [State Insurance Regulatory Authority \(NSW\)](#)
- Northern Territory: [NT WorkSafe](#)
- Queensland: [WorkCover Queensland](#)
- South Australia: [ReturnToWork SA](#)
- Tasmania: [WorkSafe Tasmania](#)
- Victoria: [WorkSafe Victoria](#)
- Western Australia: [WorkCover WA](#)
- Australian Government employees and other Commonwealth entities: [Comcare](#)

Premiums paid by employers are used to cover a range of entitlements and services and, depending on the injury or illness, workers' compensation may:

- Cover wages, as well as medical, hospital and other rehabilitation costs.
- Pay a lump sum in the case of a permanent impairment.
- Pay funeral expenses, periodic payments and lump sum payments for dependents.

How is workers' compensation different from other insurance?

Features of workers' compensation insurance include the following:

- Compulsory
- Primarily no-fault systems with employer involvement
- Highly regulated by state and territory regulators
- Provided through a scheme structure (i.e., it is not general insurance)
- Premiums are set and/or approved or recommended by the legislation or regulator
- State-based, with different legislation and regulators for each jurisdiction and different premium rates.

What are the differences in workers' compensation schemes across Australia?

Workers' compensation schemes vary across states and territories, and between Commonwealth schemes. Key differences between the schemes include:

- **Administration** – schemes may be publicly (i.e., by government) or privately underwritten.
- **Statutory benefits** – the type and amount of benefits available to injured workers can also vary between schemes, including weekly payments, medical expenses, and rehabilitation support.
- **Common law claims** – the availability of common law and features such as limits and thresholds varies in different jurisdictions.
- **Coverage** – each state and territory scheme has its own specific coverage and eligibility requirements for workers.
- **Return to work** – return to work provisions and support for injured workers can differ across states and territories.

Administration – publicly or privately underwritten

Workers' compensation schemes are underwritten either publicly or privately, with each approach having distinct features. In publicly underwritten schemes, premiums are set by a central authority based on actuarial forecasts of claim costs. Private insurers are sometimes engaged to manage claims as scheme agents. Privately underwritten schemes, on the other hand, involve independent insurers who charge premiums based on commercial underwriting principles, within the relevant legislative framework.

The following jurisdictions are predominately **publicly underwritten**:

- New South Wales
- Victoria
- Queensland
- South Australia

The following jurisdictions are **privately underwritten**:

- Western Australia
- Australian Capital Territory
- Tasmania
- Northern Territory

Self-insurance

All state and territory jurisdictions allow employers to self-insure for workers' compensation if they meet certain requirements.⁴ Self-insuring employers must satisfy regulatory authorities in each jurisdiction that they have adequate work health and safety, injury management and return to work arrangements, as well as the capacity to effectively manage workers' compensation.⁵

⁴ Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison_of_workers_compensation_arrangements_in_australia_and_new_zealand_29th_edition_2023.docx](#)

⁵ Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison_of_workers_compensation_arrangements_in_australia_and_new_zealand_29th_edition_2023.docx](#)

Employers that self-insure are required to manage and pay for their employees' claims for work-related fatality, injury and illness, as opposed to paying premiums to the relevant scheme or insurers to take on those risks. Although self-insuring employers do not pay workers' compensation premiums, they are still required to pay a levy as a contribution towards the costs of administering the scheme.

Specialised insurer licenses

Specialised insurer licenses are primarily utilised in the NSW and WA workers' compensation schemes. A licensed specialised insurer can underwrite workers' compensation liabilities and manage workers' compensation claims for employers in a defined industry.⁶ By focusing on a particular industry, specialised insurers may develop a greater understanding of the unique risks associated with that industry. These licenses are granted after an application process, which may include demonstrating financial stability, industry support, and adherence to specific regulations.

Statutory benefits – no fault

Legislation in each jurisdiction varies, but all Australian states and territories, along with the Commonwealth, have no-fault workers' compensation schemes. This means that injured workers are entitled to benefits regardless of who is at fault or caused the workers' injury. Workers will still need to demonstrate that the injury arose out of, or in the course of, their employment and that the employment was a significant contributing factor. These benefits are provided to assist injured workers financially while they recover from their injury and to help them return to their pre-injury employment or alternative employment through rehabilitation and other necessary support.

The benefits that can be paid to an injured worker under statutory schemes may include:

- Income replacement payments
- Costs of medical and hospital treatment
- Permanent impairment entitlements
- Death benefits and funeral expenses

Information on each item is provided below. More detailed information can be found in Safe Work Australia's report: Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023, 29th Edition.⁷

Income replacement:

Income replacement payments (generally known as weekly payments) are periodic payments that are usually based on the worker's pre-injury earnings.

While arrangements vary in each jurisdiction, income replacement payments often have the following features:

- They aim to fairly substitute the injured worker's lost earnings and are limited based on the worker's incapacity.
- They are reduced incrementally at set time intervals by a percentage or to a set amount.
- They are indexed to keep pace with increases in average incomes.
- Injured workers may elect to receive a one-off lump sum payment, which replaces the worker's ongoing weekly income replacement payments. If an injured worker elects to receive a lump

⁶ Specialised insurers, 19 December 2024, SIRA website, [Specialised insurers - SIRA](#)

⁷ Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison_of_workers_compensation_arrangements_in_australia_and_new_zealand_29th_edition_2023.docx](#)

sum payment, the insurer's liability and weekly income replacement benefits cease, but in some jurisdictions this payment does not affect medical and like expenses.⁸

Medical, hospital and other costs:

Injured workers may also be entitled to payment of medical and hospital costs to assist them in their recovery. Workers' compensation schemes cover medical, hospital and allied health (e.g., physiotherapy, occupational therapy, psychology etc.) expenses. In some cases, payments are also made for other services such as home help, attendant care and vehicle or home modifications.

Permanent Impairment payments:

In circumstances where an injured person suffers a permanent impairment from a work-related injury or illness, they may be entitled to a lump sum payment. This payment is separate from any payment for lost income and medical expenses. Workers need to meet certain thresholds to be eligible for a permanent impairment benefit.

Examples of a permanent impairment include:

- Reduced shoulder movement
- A spinal cord injury
- An amputated finger⁹

Permanent impairment injuries are injuries that are stable and do not improve with medical treatment. They can range in severity as demonstrated above.¹⁰

The rules in relation to eligibility and benefits differ in each jurisdiction but some examples are provided below. Further information can be found in Safe Work Australia's Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023.¹¹

- **Time** – workers may need to wait for a period of time before they can apply for a permanent impairment benefit. For example, in Victoria, workers must wait at least 12 months from the date of their injury before making an application unless the injury stabilises before then.¹² An injury may not be stable if a worker needs surgery or major treatment.
- **Maximum amount** – jurisdictions set different maximum amounts payable. For example, in NSW, the maximum amount payable for injuries sustained on or from 5 August 2015 is \$757,760 as at 1 July 2025¹³ (plus an additional 5 per cent for back impairment (lumbar spine only)). It is \$644,640 in Victoria and in WA, it is \$252,724 plus up to \$189,543 in special circumstances.¹⁴
- **Indexation mechanism** – each jurisdiction has different methods for indexing payments for permanent impairment. This may be based on CPI (e.g., in Victoria) or ordinary earnings (e.g., in Queensland, Queensland Ordinary Time Earnings (QOTE) is used).¹⁵

⁸ Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison_of_workers_compensation_arrangements_in_australia_and_new_zealand_29th_edition_2023.docx](#)

⁹ Permanent impairment benefit, 20 May 2025, WorkSafe Victoria website, [Permanent impairment benefit | WorkSafe Victoria](#)

¹⁰ Information for workers – Impairment Benefit Claims, March 2024, WorkSafe Victoria, [Permanent-impairment-benefits-information-workers-2024-03.pdf](#)

¹¹ Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison_of_workers_compensation_arrangements_in_australia_and_new_zealand_29th_edition_2023.docx](#)

¹² Information for workers – Impairment Benefit Claims, March 2024, WorkSafe Victoria, [Permanent-impairment-benefits-information-workers-2024-03.pdf](#)

¹³ SIRA Workers compensation benefits guide – July 2025, SIRA, [Workers compensation benefits guide – July 2025](#)

¹⁴ Table 3.3 Summary of entitlements, Safe Work Australia, [Table 3.3: Summary of entitlements | Safe Work Australia](#)

¹⁵ Ibid.

- **Additional benefits** – additional benefits conditional to meeting a prescribed degree of impairment may be provided.¹⁶
- **Weekly benefits** – jurisdictions vary in terms of whether weekly benefits are still payable upon payment of a lump sum for permanent impairment. For example, they are still payable in New South Wales but not in Queensland.¹⁷

Death entitlements:

All jurisdictions provide access to death entitlements in the event a workplace injury results in death. A spouse or dependant of a worker that died in a work-related incident may be entitled to certain payments to assist the family with funeral costs and ongoing living expenses. The type and amount of damages accessible vary between jurisdictions.

Summary of jurisdictional differences:

Details about the jurisdictional differences for payments of statutory benefits can be found in Safe Work Australia's Comparison of Workers' Compensation Report 2023.¹⁸

Common law claims for damages

A common law claim is sometimes also referred to as a work injury damages claim. Generally, an injured worker must file a statutory claim for workers' compensation and have it accepted before being able to consider a work injury damages claim.

The key difference between the claims is that while the statutory schemes do not require anyone to be at fault for causing the injury, a common law claim requires the injured person to prove that negligence by the employer, their other employees or another third party caused or contributed to the injury.

As this type of claim requires negligence to be established (as opposed to no-fault), a higher standard of evidence is required. For example, there must be evidence that unsafe work practice or systems of work or faulty equipment, caused the injury. A successful common law damages claim can also result in a much larger payout than a workers' compensation lump sum if negligence can be shown.

A common law claim can be made for:

- Pain and suffering
- Lost wages and future loss of wages
- Past and future loss of superannuation
- Treatment expenses not paid for by the workers' compensation insurer
- The cost of any future treatment for the injuries and care

Given the availability of access to no-fault statutory benefits, some jurisdictions have:

- Abolished the right to make a common law claim for damages
- Introduced threshold tests (a minimum level of injury or impairment) that must be met before a worker can access common law damages
- Placed restrictions on types of damages that an injured person can receive
- Placed caps on the amount of damages that can be awarded.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid (**Income replacement – Table 5.1**; Medical, hospital and other costs – Table 5.2; Permanent impairment payments – Table 5.3; Death entitlements – Table 5.4; Treatment of spouse and dependents for death entitlements – Table 5.5).

The high-level differences in common law access across the jurisdictions are set out below. Further detail can be found in Table 5.6 of Safe Work Australia’s Comparison of Worker’ Compensation Report 2023.¹⁹

| Common law provisions | | | | | |
|-----------------------|------------------------------------------------------|------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------|
| | Access to common law against employer? | Types of damages | Statutory threshold(s) | Is election of common law irrevocable? | Cap on damages? |
| NSW | Yes (modified) Known as Work Injury Damages (WID) | Limited to past and future economic loss | 15% permanent impairment | No ²⁰ | No |
| Vic | Yes (limited) | Pain and suffering and/or economic loss | ‘Serious injury’ certificate (30% WPI ²¹ or a determination of a ‘serious injury’) | N/A | Yes - \$713,780 for pain and suffering and \$1,639,480 for economic loss. ²² |

¹⁹ Comparison of Workers’ Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison_of_workers_compensation_arrangements_in_australia_and_new_zealand_29th_edition_2023.docx](#)

²⁰ If a common law claim is not successful, the worker will continue to receive workers’ compensation under the statutory scheme (Comparison of Workers’ Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison_of_workers_compensation_arrangements_in_australia_and_new_zealand_29th_edition_2023.docx](#))

²¹ Whole Person Impairment

²² Amounts shown are as of 1 July 2021, indexed 1 July annually, [comparison_of_workers_compensation_arrangements_in_australia_and_new_zealand_29th_edition_2023.docx](#)

| Common law provisions | | | | | |
|-----------------------|----------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Access to common law against employer? | Types of damages | Statutory threshold(s) | Is election of common law irrevocable? | Cap on damages? |
| Qld | Yes | General damages based on ISV scale and economic loss (capped at 3 times QOTE) | If Degree of Impairment is below 20%, need to decide between lump sum payment or damages | Yes | Yes – general damages (pain and suffering) capped at 239.71 times QOTE. Loss of earnings capped at 3 times QOTE per week for each week of the period of loss of earnings. |
| WA | Yes (limited) | Economic and non-economic loss | 15% WPI (secondary psychological, psychiatric and sexual conditions excluded) | N/A | |
| SA | Yes (limited) | Economic loss only | 35% WPI | Yes | No |
| Tas | Yes (limited) | Economic and non-economic loss | 20% WPI | N/A | No |
| NT | No | N/A | N/A | N/A | N/A |
| ACT | Yes | Unlimited | N/A | No | Unlimited |

Coverage

Coverage of employers/workers

Entitlement to coverage under workers' compensation schemes varies across states and territories. Generally, a person would need to meet the definition of 'worker' but some independent contractors and labour hire workers may also be covered.

Determining what types of workers are covered is important, as penalties can apply if an employer does not insure its workers.

A summary of coverage for each state and territory can be found in Safe Work Australia's Comparison of Workers' Compensation Report 2023.²³

Coverage of journeys and breaks

Injuries that occur on work premises while a person is working are easily identifiable as occurring at work.

²³ Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison_of_workers_compensation_arrangements_in_australia_and_new_zealand_29th_edition_2023.docx](#)

Coverage of journeys to and from work and breaks (onsite and offsite) vary across states and territories as summarised below²⁴:

- **NSW** – journey claims are covered for certain workers. For other workers there must be a real and substantial connection between employment and the accident or incident out of which the injury arose. Work-related travel and breaks are also covered.
- **Victoria** – journey claims are not covered. Work-related travel is covered (with restrictions) together with breaks.
- **Queensland** – journey claims are covered (with restrictions, for example, if a worker deviates from their direct route between home and work for personal reasons, any injuries sustained may not be covered). Work-related travel and breaks are covered.
- **WA** – journey claims are not covered. Work-related travel and onsite breaks are covered. Coverage for offsite breaks will depend on the factual circumstances or common law.
- **SA** – journey claims are covered (but limited). Work-related travel and onsite breaks are covered. Off-site breaks are not covered.
- **Tasmania** – journey claims are not covered (with some exceptions). Work-related travel and onsite breaks are covered. Off-site breaks are not covered (with some exceptions).
- **NT** – journey claims are covered (excluding motor vehicle accidents to and from work). Work-related travel and breaks are covered.
- **ACT** – journey claims are covered. Work-related travel is covered. Breaks (onsite and offsite) are not expressly referenced in the legislation.

Return to work

The aim of the return to work and rehabilitation provisions in the legislation is to assist workers in staying at or returning to work in a safe and timely manner.

The return-to-work process involves the injured worker and their employer and, depending on the jurisdiction and the severity of the injury, it may also involve workplace rehabilitation co-ordinators and providers, medical and other health professionals, and the insurer. Incentive schemes to encourage employers to employ workers who have had an injury and are not able to return to work with their pre-injury employer operate in some jurisdictions.

There are four main factors in a successful return to work:

- Early intervention
- An effective workplace-based rehabilitation program
- Effective claims management and coordination
- Collaboration and consultation between stakeholders²⁵

Details about the jurisdictional differences for return to work arrangements can be found in Tables 6.1 to 6.8 of Safe Work Australia's Comparison of Workers' Compensation Report 2023.²⁶

²⁴ Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison of workers compensation arrangements in australia and new zealand 29th edition 2023.docx](#)

²⁵ Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison of workers compensation arrangements in australia and new zealand 29th edition 2023.docx](#)

²⁶ Ibid.

Workers' Compensation premiums

How is workers' compensation insurance priced?

Scheme funding arrangements

All workers' compensation schemes collect funds to meet liabilities of the scheme. There are two different types of scheme funding: publicly and privately underwritten.

Publicly underwritten schemes:

- A single public (government monopoly) insurer performs most, if not all, of a workers' compensation insurer's functions.
- Claims management may be undertaken internally, and some may outsource claims management to the private sector.
- Premiums set by the public insurer are based on actuarial forecasts of claim costs across all sectors.
- The public insurer underwrites and pays for all claims.

Privately, competitively underwritten schemes:

- Insurer functions are provided by the private sector, through the scheme's list of approved insurance companies.
- Premiums charged by insurers are based on a commercial underwriting basis within the legislative framework, but the regulator's published recommended premium rates will generally be considered in the premium calculation.
- Each approved insurer underwrites and pays for the claims arising from the employers/organisations they insure.

Sufficient premium needs to be collected in order for schemes to operate on a fully funded basis meaning that premiums (along with investment earnings) are sufficient to cover all claims costs, insurer expenses and scheme expenses.

Specific factors in workers' compensation insurance pricing

All employers, other than self-insurers, must pay workers' compensation premiums to cover their workers in the event of a work-related injury or illness. Premiums fund financial and medical support to injured workers and cover the costs of dispute management and administration of the schemes.

Premiums rates are generally pooled across similar risk profile groups, meaning employers who share a common set of risks can spread the risk across their industry type. There are hundreds of specified premium rates for industry types across the different workers' compensation schemes. Except for employers covered by Comcare, employers that operate in more than one jurisdiction must pay the relevant premium in each jurisdiction.

Premiums are usually expressed as a percentage of an employer's total wages bill and depend on factors including:

- Employer's size
- Industry rate
- Individual claims experience
- The way that 'wages' are defined for workers' compensation purposes (which can vary across jurisdictions)
- Whether 'grouping' applies.

These factors are explained in more detail below.

1. Size

An employer's size affects their workers' compensation premium because larger businesses are typically assessed based on their claims history, while smaller businesses are generally assessed based on their industry rate and remuneration bill.

Large employers have their premiums calculated using an experience-based rating system which considers the employer's claims performance over a specific period.

Premiums for small employers are typically calculated based on the employer's total remuneration bill and the applicable industry rate. This ensures that claims costs are shared across the industry rather than individual employers receiving the full impact of claims made against them on their premiums. Further explanation about the pooling of risks and why premiums may increase even for employers with no claims is provided below.

2. Industry rates

The industry rate reflects the average cost of claims in a particular industry, and this rate is factored into premium calculations for all employers.

Industry rates are calculated differently depending on the jurisdiction as set out below²⁷:

- **NSW** – In 2023, there were 538 Workers Compensation Industry Classification Rates. Rates are reviewed on an annual basis. Each industry's rate is calculated based on an actuarially verified methodology considering 5 years of wages and claims data.
- **Vic** - Each industry's rate is calculated based on claim cost rates and claim frequency rates over a 5-year period with 12 months of development. The rates are calibrated to achieve the average premium rate.
- **Qld** – In 2023, there were 560 WorkCover Industry Classifications. Rates are calculated annually based on an actuarially verified methodology considering 7 years of wages and claims data.

²⁷ Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison_of_workers_compensation_arrangements_in_australia_and_new_zealand_29th_edition_2023.docx](#)

- **WA** - Recommended premium rates are determined annually according to independent actuarial analysis of claims and wages data provided by current and former approved insurers and self-insurers. The actuarial analysis includes:
 - a calculation of relative premium rates
 - an examination of the adequacy of the declared outstanding claims reserves
 - an analysis of insurers' expense and contingency allowances
 - a projection of the expected incurred cost of claims for the year
 - a calculation of the amount of premium expected to meet the cost of claims, and
 - a calculation of the implied uniform percentage variation in the relative premium rates to generate the required premium income.
- **SA** - From 1 July 2015, South Australian industry classifications have been aligned to the Australian and New Zealand Standard Industrial Classification (ANZSIC) system. Each employer location is allocated to an industry classification that corresponds to the predominant activity for that employer at that location.
- **Tas** - WorkCover Tasmania is required to publish suggested premium rates for employers and licensed insurers. The objective is to ensure full funding, minimisation of cross subsidisation and increased transparency in the premium setting process. The actuarial analysis includes:
 - an analysis of claim numbers, claim frequency and claim size
 - a calculation of required premium pool
 - an examination of effect of legislative change
 - an analysis of economic assumptions and insurers' expense and profit assumptions, and
 - a comparison with insurer filed rates.
- **NT** – The Northern Territory does not provide industry premium rates because the legislation gives insurers the power to set their own industry premium rates and these are not required to be gazetted (i.e., they are not published in an official government gazette).
- **ACT** – The ACT releases suggested reasonable rates by ANZSIC class. These rates are determined annually according to independent actuarial analysis of wages and premium data provided by current and former approved insurers and self-insurers.

3. Individual claims experience

The individual claims experience of an employer can have a significant impact on their premiums. Employers with a poor claims history (e.g., a higher number of claims or longer duration of claims) may face higher premiums. Conversely, employers with a good claims history (e.g., fewer claims or shorter duration of claims) may receive a lower premium. As outlined above, the impact of individual claims experience will depend on the size of the employer.

4. Wages

The total wages paid by the employer is a key factor in premium calculation. The way they are defined for workers' compensation purposes varies across jurisdictions which will potentially impact the calculation of an employer's premium. For example, the NSW *Workers Compensation Act 1987* defines 'wages' broadly. In NSW, generally, a payment to a worker is considered to be 'remuneration' if it is made to, or for the benefit of, the worker'. Other jurisdictions specify which payments to workers are to be considered as remuneration/wages for the purpose of calculating premiums.²⁸ These payments may include superannuation contributions, bonuses, uniforms, commissions and other items.²⁹

5. Grouping

In some jurisdictions, employers can be grouped together, and the group's average performance premium is used to determine the employer size category for each member of the group.

External economic and regulatory factors:

External economic and regulatory factors also have a material impact on the overall cost of insurance (especially for privately underwritten schemes), independent of claims frequency and claim size. These factors include:

- **Inflation expectations:** If higher inflation is expected, insurers may raise prices to cover increased claims and operational costs to maintain their financial viability.
- **Reinsurance:** Reinsurance is insurance for insurers and can represent a significant expense that affects premium prices. The rising cost of reinsurance is particularly an issue for self-insurers who are required to have reinsurance to limit exposure to large claims.
- **Interest rates:** Higher interest rates can increase insurers' investment income, which influences overall profitability. Economic conditions, including interest rate changes, also affect insurers' operating costs and long-term sustainability.
- **Regulatory environment:** Changes in regulations that impact insurers' operating costs can influence the cost of insurance premiums for customers.

Understanding claims costs

Claims costs are a significant component of overall scheme costs, which ultimately need to be funded through employers' workers' compensation premiums.

Claims costs are the expenses insurers incur when paying out claims. For workers' compensation, these include:

- **Medical expenses:** Including appointments, treatments, medications, hospitalisation and rehabilitation.
- **Lost wages:** Income replacement benefits may be payable while a claimant is incapacitated.
- **Legal fees:** For consultation and negotiation and litigation should a dispute arise.

²⁸ Table 3.8: Definition of remuneration for the purpose of premium calculation, Safe Work Australia, [Table 3.8: Definition of remuneration for the purpose of premium calculation | Safe Work Australia](#).

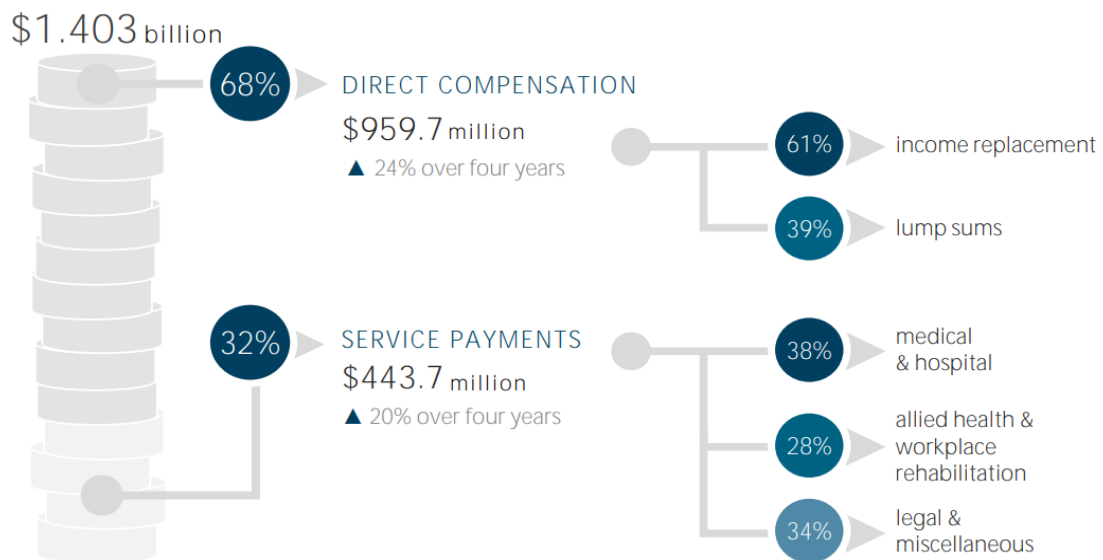
²⁹ Ibid.

- **Other costs:** Including travel expenses and costs related to lost work such as expenses to assist with tasks while recovering.

The majority of payments are direct to claimant payments or services to claimant payments.³⁰ Other scheme expenditure includes payments for insurance operations, regulation, dispute resolution and other administration.³¹

WorkCover WA provides a breakdown of claim payments, showing the percentage paid in direct compensation (income replacement and lump sums) and the percentage paid in service payments (medical & hospital, allied health & workplace rehabilitation and legal & miscellaneous). These payments have increased by 24 per cent and 20 per cent respectively over four years.³²

CLAIM PAYMENTS

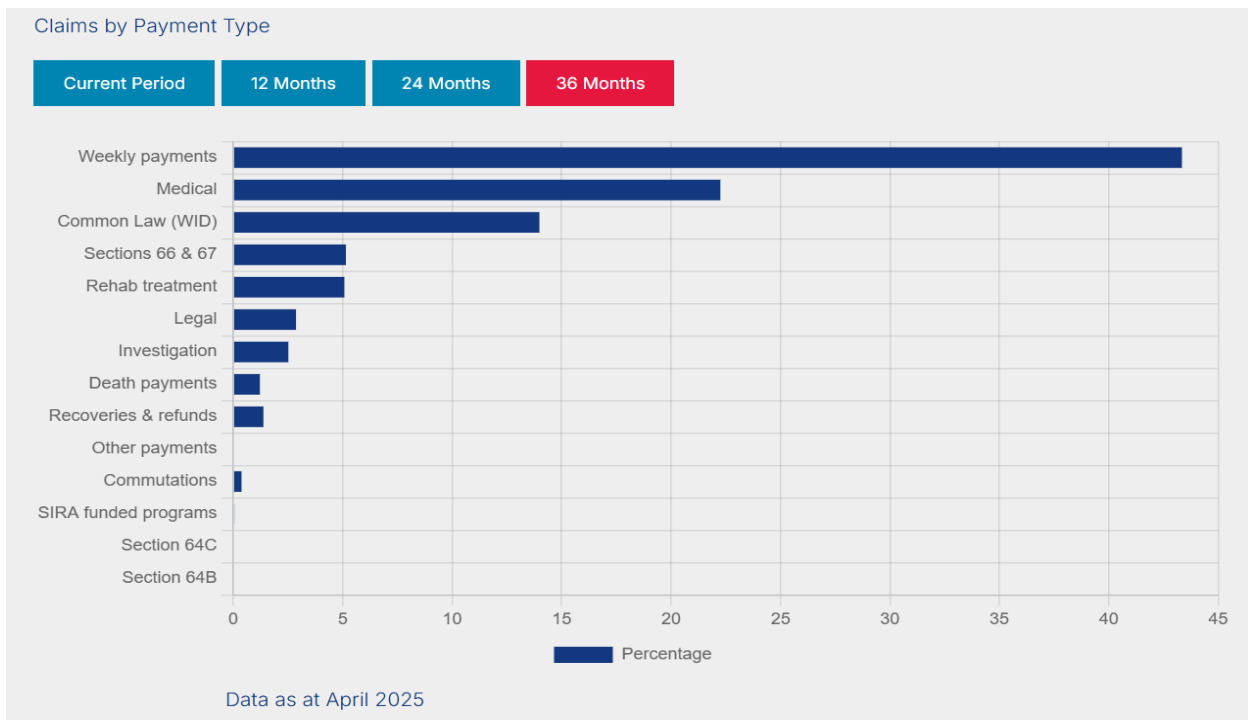


³⁰ Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison of workers compensation arrangements in australia and new zealand 29th edition 2023.docx](#)

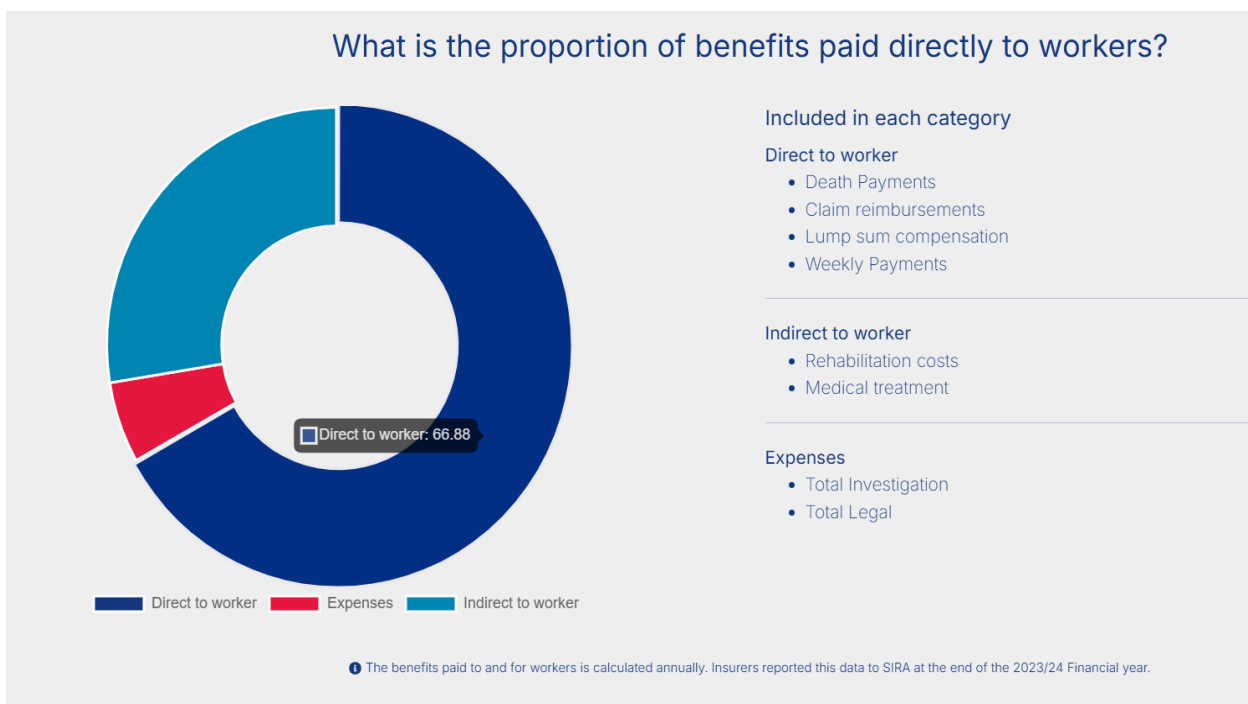
³¹ Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison of workers compensation arrangements in australia and new zealand 29th edition 2023.docx](#)

³² Workers Compensation in Western Australia Annual Statistical Report 2023/24, November 2024, WorkCover WA, [WorkCover-WA-Annual-Statistical-Report-2020-21-to-2023-24-Sep-2024-BISstatrep.pdf](#)

The following charts from SIRA provide a breakdown of claim payments (by payment types and the proportion of benefits paid directly to workers).³³



34



³³ Workers compensation system April 2025, SIRA website, [Open data analytics tool - System-Overview](#)

³⁴ Workers compensation system April 2025, updated 16 December 2024, SIRA website, [Open data analytics tool - System-Overview](#)

Trends in claim frequency, claim numbers and claim payments

Regulators in each scheme provide performance data which shows trends in claim numbers and average claim size.

While the data provided by each regulator varies (making like-for-like comparisons difficult) overall trends in claim numbers and average claim sizes are summarised below:

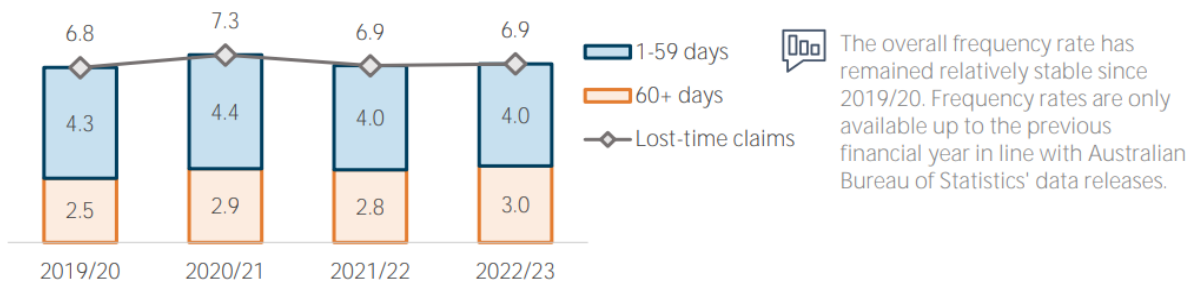
- Privately underwritten schemes have seen stable or lower claims frequency³⁵. This is consistent with national trends in Safe Work Australia data.
- Claim numbers have increased.
- Claims sizes have increased.
- The proportion of claims with 60+ days of lost time has increased (suggesting an increasing share of more complex and longer duration claims).

Data from Western Australia, Victoria, ACT and NSW as well as national data from Safe Work Australia is provided below by way of examples. It is expected that other jurisdictions are experiencing similar trends in claim numbers and average claim sizes.

Claims frequency

WA: The frequency rate (i.e., lost-time claims per million hours worked) has remained relatively stable in WA since 2019/20 as demonstrated below³⁶:

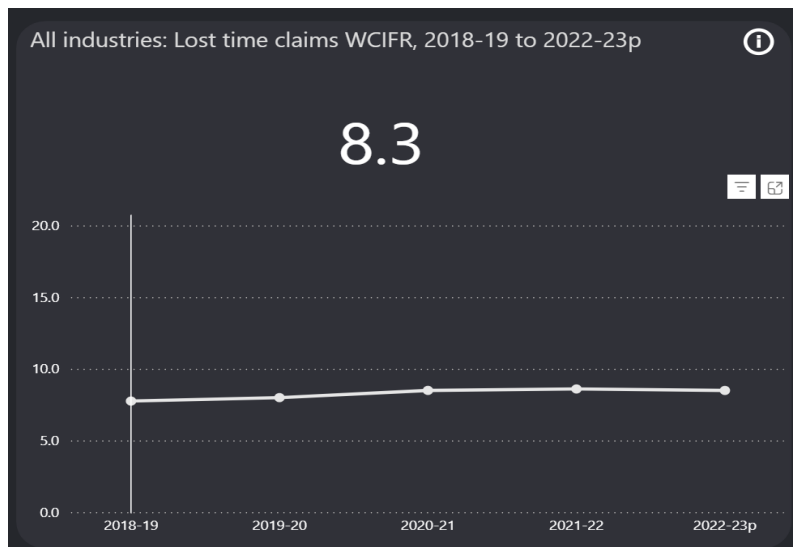
FREQUENCY RATE LOST-TIME CLAIMS PER MILLION HOURS WORKED



³⁵ 2024 Optima General Insurance Highlights, Finity.

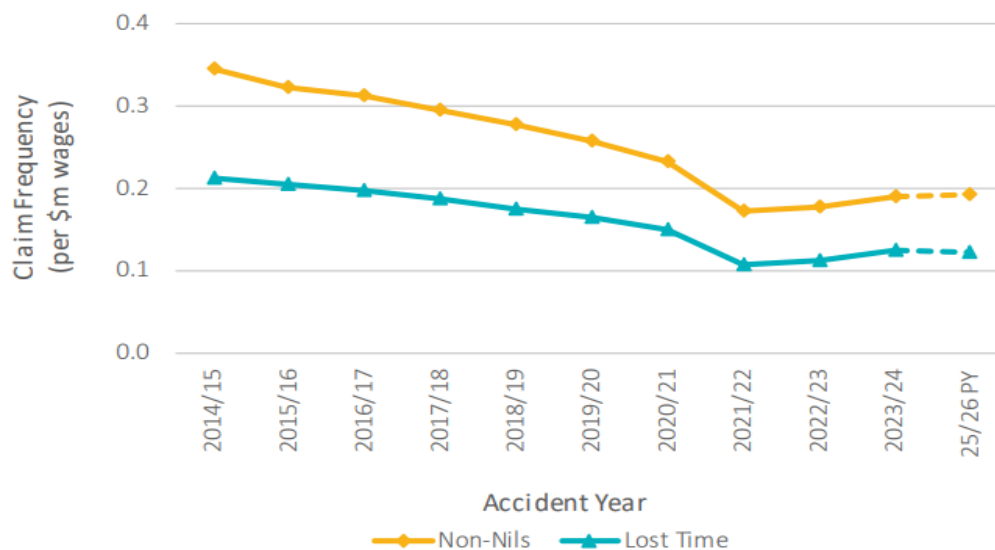
³⁶ Workers' compensation injury frequency rates, Safe Work Australia Interactive Data Website, [Workers' compensation injury frequency rates | dataswa](#)

Safe Work Australia: Safe Work Australia provides Worker Compensation Injury Frequency Rates (WCIFRs) and shows a similar trend in claim frequency over the period 2018-19 to 2022-23 with an average of 8.3 lost time claims per million hours worked.³⁷



ACT: There has been a long-term downward trend in claim frequency in the ACT with a recent slight increase.

Figure 1.1 – Estimated ultimate claim frequency



Source: ACT Workers' Compensation Review of Scheme Performance to 30 June 2024³⁸

³⁷ Workers' compensation injury frequency rates, Safe Work Australia Interactive Data Website, [Workers' compensation injury frequency rates | dataswa](#)

³⁸ ACT Workers' Compensation Review of Scheme Performance to 30 June 2024, Finity, [ACT Workers' Compensation Review of Scheme Performance to 30 June 2024](#)

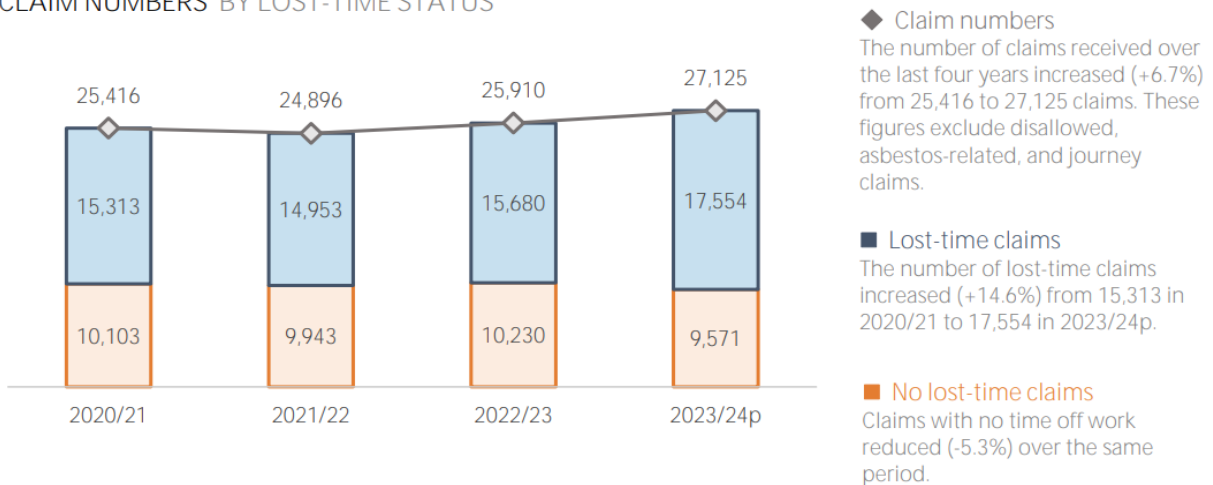
Claim numbers

WA: WorkCover WA’s Annual Statistical Report 2023/24 notes an 11.3 per cent increase in recommended premium rates over 10 years and identifies an increase in claim numbers and higher average claim size as contributing factors.³⁹

The data from WA shows the following⁴⁰:

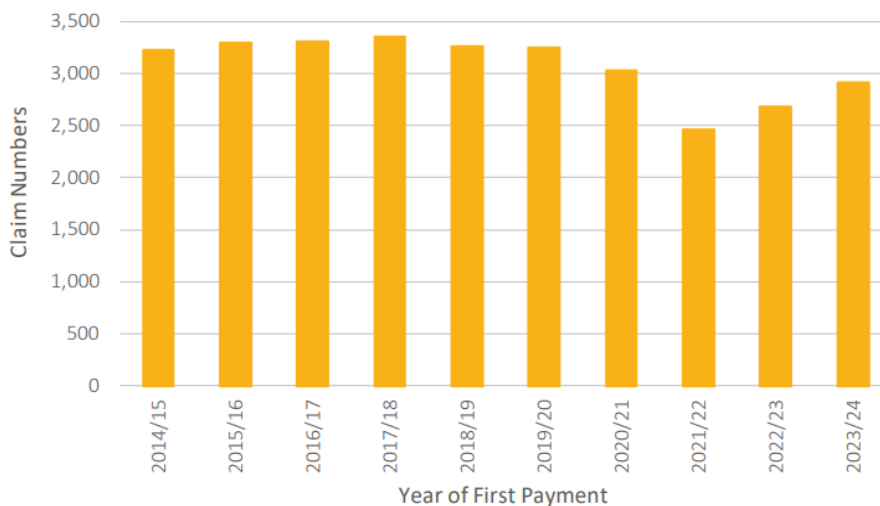
- Claim numbers increased 6.7 per cent over the four years up to 2023/24 (this figure excludes disallowed asbestos-related and journey claims)
- Lost-time claims (i.e., claims with time off work) increased 14.6 per cent
- No lost-time claims reduced 5.3 per cent

CLAIM NUMBERS BY LOST-TIME STATUS



ACT: Claim numbers remain below the pre-COVID experience but have materially bounced back from the COVID-era lows. The number of non-nil claims reported increased by 9 per cent from 2022/23 to 2023/24 and the number of new lost time claims increased by 12 per cent from 2022/23 to 2023/24.

Figure 2.1 – Non-nil claim numbers



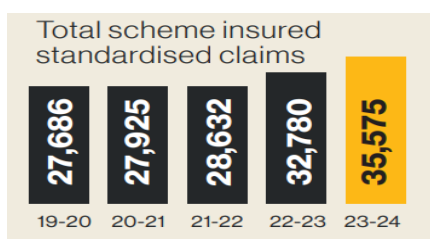
³⁹ Workers Compensation in Western Australia Annual Statistical Report 2023/24, November 2024, WorkCover WA, [WorkCover-WA-Annual-Statistical-Report-2020-21-to-2023-24-Sep-2024-BISstatrep.pdf](#)

⁴⁰ Workers Compensation in Western Australia Annual Statistical Report 2023/24, November 2024, WorkCover WA, [WorkCover-WA-Annual-Statistical-Report-2020-21-to-2023-24-Sep-2024-BISstatrep.pdf](#)

Victoria: WorkSafe Victoria's Annual Report 2023-24 also shows an increase in claim numbers as provided below.⁴¹

The data from Victoria shows the following:

- Claim numbers increased by 28.5 per cent from 2019-20 to 2023-24, with claims increasing over this period from 27,686 claims to 35,575 claims.⁴²



Claim payments

WA: Claim payments in WA have increased significantly in the four years up until 2023/24 as provided below⁴³:

- Direct compensation to workers – increase of 23.8 per cent
- Service payments – increase of 19.6 per cent

CLAIM PAYMENTS TOTAL

| | 2020/21 | 2021/22 | 2022/23 | 2023/24p |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
| DIRECT COMPENSATION | \$775.3m | \$864.4m | \$881.4m | \$959.7m |
| Income payments | \$459.9m | \$528.2m | \$526.3m | \$583.7m |
| Lump sums | \$315.4m | \$336.2m | \$355.1m | \$376.0m |
| SERVICE PAYMENTS | \$370.9m | \$397.1m | \$403.4m | \$443.7m |
| Medical & hospital | \$155.9m | \$162.4m | \$153.8m | \$168.3m |
| Allied health* | \$56.8m | \$62.6m | \$63.2m | \$71.8m |
| Workplace rehabilitation | \$42.6m | \$44.6m | \$47.0m | \$53.3m |
| Legal & miscellaneous | \$115.7m | \$127.5m | \$139.4m | \$150.3m |
| Total claim payments | \$1,146.2m | \$1,261.5m | \$1,284.8m | \$1,403.4m |



Claim payments

Payments are adjusted for inflation to allow for meaningful comparisons over time.

Over the last four years, total claim payments increased (+22.4%), driven by an increase in direct compensation to workers (+23.8%) in the form of income replacement and lump sums.

Service payments show an increasing trend over four years (+19.6%).

* Allied health includes 'other treatment services'.

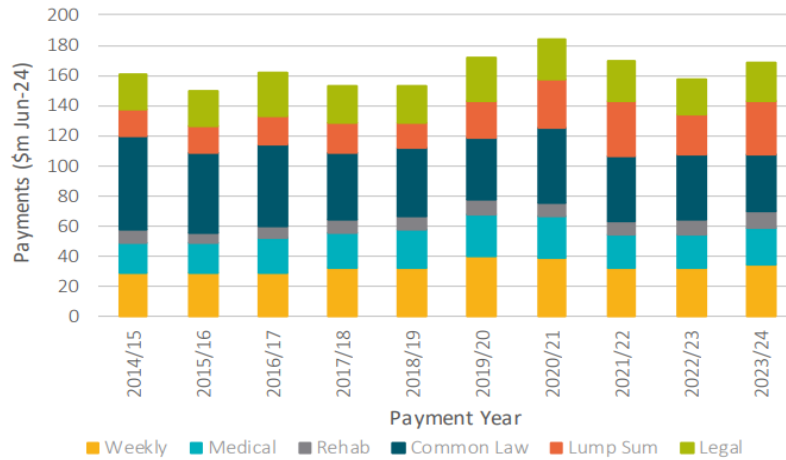
⁴¹ WorkSafe Annual Report 2023-24, October 2024, WorkSafe Victoria, [Brief](#)

⁴² WorkSafe Annual Report 2023-24, October 2024, WorkSafe Victoria, [Brief](#)

⁴³ Workers Compensation in Western Australia Annual Statistical Report 2023/24, November 2024, WorkCover WA, [WorkCover-WA-Annual-Statistical-Report-2020-21-to-2023-24-Sep-2024-BISstatrep.pdf](#)

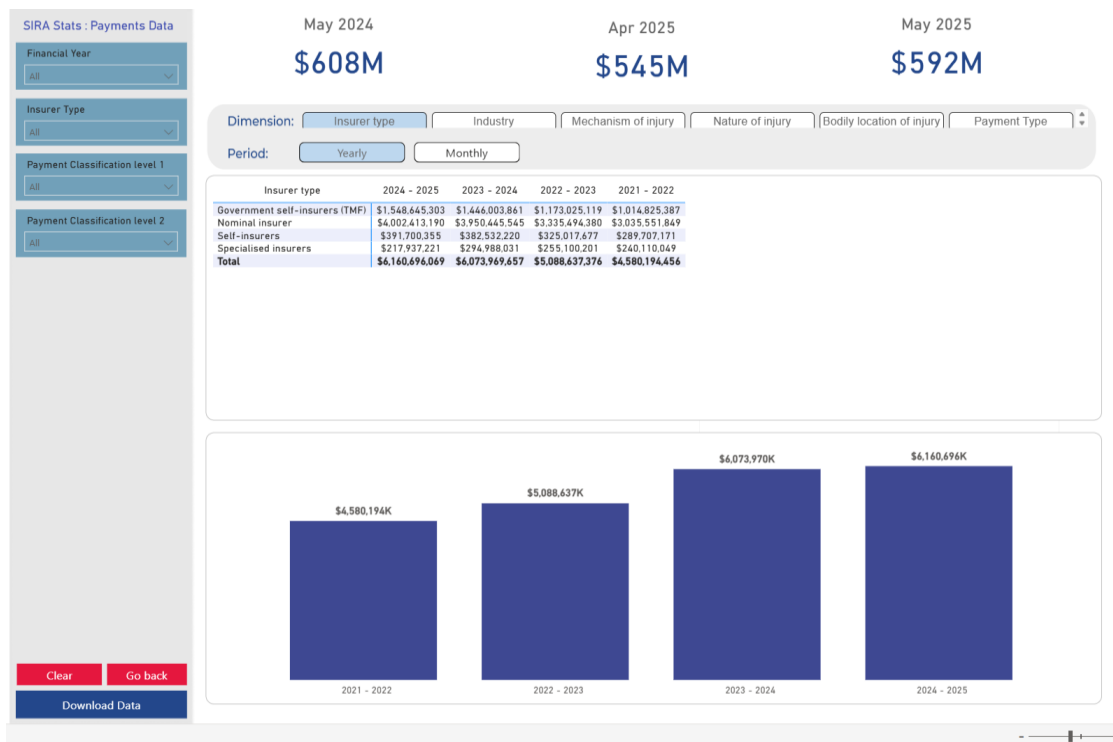
ACT: Gross payments in the ACT increased from 2022/23 to 2023/24 but remain below the peak amount in 2020/21. Payment total increased from approximately \$154m in 2018/19 to \$168m in 2023/24.⁴⁴

Figure 1.2 – Gross payments (June 2024 values)



Source: ACT Workers’ Compensation Review of Scheme Performance to 30 June 2024.⁴⁵

NSW: Total claim payments have also increased significantly in NSW with \$4,580,194 paid in 2021-22, increasing to \$6,160,696 paid in 2024/25.⁴⁶



Source: SIRA Open data analytics tool⁴⁷

⁴⁴ ACT Workers’ Compensation Review of Scheme Performance to 30 June 2024, Finity, [ACT Workers’ Compensation Review of Scheme Performance to 30 June 2024](#)

⁴⁵ Ibid.

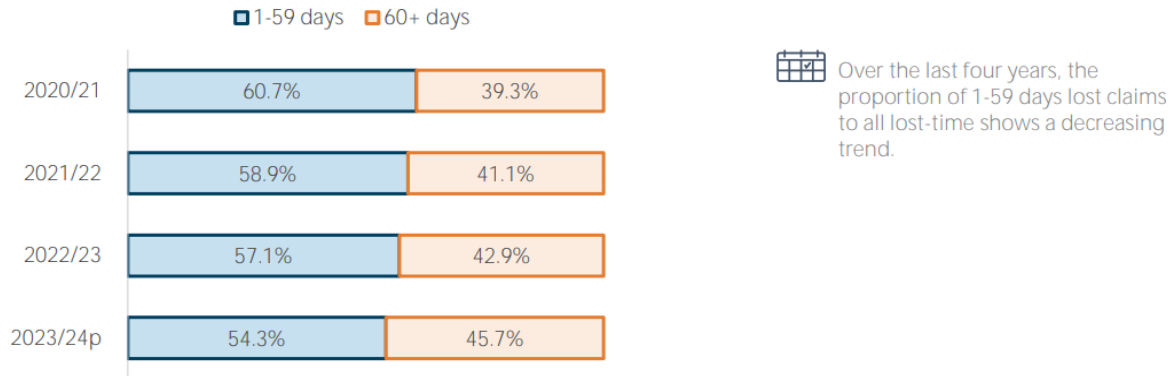
⁴⁶ SIRA Open data analytics tool [Open data analytics tool - Payments Data](#)

⁴⁷ SIRA Open data analytics tool [Open data analytics tool - Payments Data](#)

Proportion of claims with longer periods of lost time:

WA: The proportion of claims with 60+ days of lost time in WA has increased over the four years up to 2023/24 as demonstrated below.⁴⁸

LOST-TIME CLAIMS BY DAYS LOST



Safe Work Australia: The trend seen in WA is consistent with national data from Safe Work Australia which shows that the median time lost from work-related injuries and illnesses has increased over the previous 10 years. This is partly because the number of claims with no time lost has decreased and the number of claims with a significant period of time lost (at least 13 weeks) has increased as demonstrated below.⁴⁹

| | 2012-13 | 2021-22 |
|--------------------------------------------|---------|---------|
| Claims with no time lost (%) | 37.1% | 28.8% |
| Claims with 13 weeks or more time lost (%) | 13.4% | 21.3% |

Safe Work Australia data from 2021-22 shows that claims involving 13 weeks or more time lost from work accounted for approximately one in 5 (21.3 per cent or 48,600 claims) of all accepted claims, but three-quarters (75.6 per cent or \$4.4 billion) of total compensation payments, demonstrating the significance of this trend.⁵⁰

Why premiums may rise even when no claims have been made

Some employers may wonder why their premium has increased even though they have not made any claims. The key reason is that insurance involves the pooling of risks so even though an employer may not have had any claims, others in their industry may have and this will impact the premium of all in that industry. The pooling of risk shares the burden of claims, particularly for smaller employers who would be more severely impacted by an individual claim. That is, the cost of the claim against their lower remuneration would have a more profound impact compared to larger employers.

⁴⁸ Ibid.

⁴⁹ Key Work Health and Safety Statistics Australia 2024, 2 September 2024, Safe Work Australia, [Key Work Health and Safety Statistics Australia 2024 | dataswa](#)

⁵⁰ Ibid.

Outline of industries impacted by higher premiums

Some industries have higher workers' compensation industry rates because of their inherent risk levels and the potential for higher claims costs. Industries with a higher likelihood of workplace injuries, like construction or mining, typically face higher premiums. Conversely, industries with lower physical risks, such as office-based businesses or retail, usually have lower premiums.

The claims experience of an industry over a certain period also influences the rate. If an industry has a history of more frequent or severe claims, its premium rate will be higher.

Safe Work Australia provides information about industries with the highest and lowest published rates for certain jurisdictions.

Industries with the **highest published rates** include:

- Concrete Construction Services, Professional Footballers, Other Non-Metallic Mineral Product Manufacturing and Other Horse and Dog Racing Activities. The rate for these industries ranges from 9.17 per cent to 18.00 per cent of payroll.⁵¹

Industries with the **lowest published rates** include:

- Financial Asset Broking Services, Computer Consultancy Services, Computer System Design and Related Services, Coin and Stamp Dealing, Optometry and Optical Dispensing and Accounting Services. The rate for these industries ranges from 0.129 per cent to 0.40 per cent of payroll.⁵²

⁵¹ Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison_of_workers_compensation_arrangements_in_australia_and_new_zealand_29th_edition_2023.docx](#)

⁵² Ibid.

Table 8.6: Selected industry premium rates as at 31 December 2023 (% of payroll)

| | NSW ¹ | Vic ² | Qld ³ | WA ⁴ | SA ⁵ | Tas |
|----------------------------------|--------------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------|------------------------------------------|---------------------------------------------------------------------|
| Average levy/premium rate | 1.30 | 1.272 | 1.29 | 1.727 | 1.85 | 2.07 |
| Highest published rate | 12.720 (Concrete Construction Services) (Professional Footballers) | 18.00 (Other Non-metallic Mineral Product Manufacturing) | 14.863 (Other Non-Metallic Mineral Product Manufacturing) | 10.85 (Other Horse and Dog Racing Activities) | 9.892 (Other Horse Racing Activities) | 9.17 (Other non-metallic mineral product manufacturing) |
| Highest experienced rate | N/A | N/A | N/A | N/A | N/A | N/A |
| Lowest published rate | 0.203 (Financial Asset Broking Services) (Computer Consultancy Services) | 0.360 (numerous) | 0.129 (Computer system design and related services) | 0.25 | 0.390 (Coin and Stamp Dealing) | 0.40 (Optometry and optical dispensing) (Accounting services) |

¹New South Wales — Rates have not been publicly disclosed since the 1 September 2015 reforms to separate the workers compensation regulatory and insurance functions between the newly created statutory agencies, State Insurance Regulatory Authority and Insurance and Care NSW. The rates utilised above are applicable as pericare's NSW Workers Compensation Industry Classification rates.

²Victoria — All rates exclude GST

³Queensland — Published rates exclude stamp-duty and GST. Average premium rates include stamp-duty and exclude GST.

⁴Western Australia — All published premium rates are exclusive of GST.

⁵South Australia — all listed rates are exclusive of GST. All other listed rates include GST and The New Tax System effects.

Limitations on comparisons:

There are some difficulties in making exact comparisons between the average premium rates for different states or territories. Some of the reasons for this include:

- Industry classifications vary across jurisdictions.
- Jurisdictions have shifted to different classification systems at different times (e.g., from ANZSIC 1993 to ANZSIC 2006).
- The number of self-insurers varies across the different jurisdictions.
- Some jurisdictions may apply levies in addition to workers' compensation premiums (e.g., the Dust Diseases levy in NSW).
- The extent to which insurers may discount or load premiums may vary. For example, the legislation in WA allows for recommended premium rates to be surcharged up to 75 per cent and above 75 per cent with WorkCover WA's approval. Insurers can also apply discounts.

While there are variations across jurisdictions, industries impacted by higher premiums are generally those that are inherently high-risk such as construction, manufacturing, and agriculture.

Data from WA shows that the four industries with the **highest** incidence and frequency rates from 2021/22 to 2023/24 were: ⁵³

- **Agriculture, forestry and fishing** (incidence rate of 2.2 and frequency rate of 11.9)
- **Manufacturing** (incidence rate of 2.0 and frequency rate of 10.8)
- **Construction** (incidence rate of 2.0 and frequency rate of 10.2)
- **Transport, postal and warehousing** (incidence rate of 2.0 and frequency rate of 10.6)

By contrast, the industries with the **lowest** incidence and frequency rates from 2021/22 to 2023/24 were:⁵⁴

- **Financial and insurance services** (incidence rate of 0.2 and frequency rate of 1.0)
- **Professional, scientific and technical services** (incidence rate of 0.3 and frequency rate of 1.5)

INDUSTRY DIVISION OVERVIEW | 2021/22 to 2023/24

| Industry division | Three-year total | | | Three-year average | | | |
|-----------------------------------------------------|-------------------------|----------|--------|--------------------|-----------------|-----------|------------|
| | Lost-time claim numbers | | | Incidence rate* | Frequency rate* | Days lost | Claim cost |
| | 1-59 days | 60+ days | Total | | | | |
| A - Agriculture, forestry and fishing | 953 | 587 | 1,540 | 2.2 | 11.9 | 67.0 | \$63,322 |
| B - Mining | 2,573 | 2,622 | 5,195 | 1.6 | 7.3 | 104.6 | \$92,989 |
| C - Manufacturing | 3,112 | 1,816 | 4,928 | 2.0 | 10.8 | 65.3 | \$59,727 |
| D - Electricity, gas, water and waste services | 355 | 285 | 640 | 1.4 | 7.5 | 76.0 | \$71,537 |
| E - Construction | 3,126 | 2,766 | 5,892 | 2.0 | 10.2 | 84.9 | \$80,461 |
| F - Wholesale trade | 982 | 681 | 1,663 | 1.5 | 8.1 | 66.3 | \$62,370 |
| G - Retail trade | 1,735 | 1,179 | 2,914 | 0.7 | 5.7 | 67.8 | \$49,845 |
| H - Accommodation and food services | 1,618 | 882 | 2,500 | 0.9 | 7.3 | 61.5 | \$42,248 |
| I - Transport, postal and warehousing | 1,490 | 1,553 | 3,043 | 2.0 | 10.6 | 88.2 | \$87,023 |
| J - Information media and telecommunications | 51 | 43 | 94 | 0.3 | 2.0 | 52.8 | \$59,104 |
| K - Financial and insurance services | 37 | 41 | 78 | 0.2 | 1.0 | 64.9 | \$97,519 |
| L - Rental, hiring and real estate services | 225 | 163 | 388 | 0.6 | 3.2 | 67.1 | \$73,411 |
| M - Professional, scientific and technical services | 485 | 334 | 819 | 0.3 | 1.5 | 66.3 | \$66,905 |
| N - Administrative and support services | 681 | 518 | 1,199 | 0.5 | 2.7 | 79.4 | \$68,123 |
| O - Public administration and safety | 1,389 | 1,447 | 2,836 | 1.4 | 8.6 | 90.2 | \$80,005 |
| P - Education and training | 3,054 | 1,820 | 4,874 | 1.3 | 9.1 | 61.6 | \$51,870 |
| Q - Health care and social assistance | 4,008 | 3,235 | 7,243 | 1.3 | 9.3 | 78.3 | \$63,043 |
| R - Arts and recreation services | 554 | 295 | 849 | 1.1 | 9.0 | 55.5 | \$44,464 |
| S - Other services | 865 | 622 | 1,487 | 1.0 | 5.7 | 72.2 | \$64,536 |
| All industries | 27,293 | 20,889 | 48,182 | 1.2 | 7.4 | 77.0 | \$67,709 |

Source: WorkCover WA Industry Benchmark Report 2021/22 to 2023/24⁵⁵

⁵³ 'Frequency rate' is the number of lost-time claims lodged per million hours worked. 'Incidence rate' is the number of lost time claims per hundred employees (includes part-time, full-time, casual and seasonal). Industry Benchmark Report 2021/22 to 2023/24, WorkCover WA, October 2024, [Industry-Benchmark-Report-2024-PDF-version.pdf](#)

⁵⁴ Ibid.

⁵⁵ Industry Benchmark Report 2021/22 to 2023/24, WorkCover WA, October 2024, [Industry-Benchmark-Report-2024-PDF-version.pdf](#)

Recent trends in workers' compensation premiums:

1. Trends in the last five years

Jurisdictions across Australia have experienced different trends in average premium rates over the last 5 years ranging from modest decreases to significant increases in some publicly underwritten schemes. Regulators publish average premium rates each year which are provided below.

The overall increase of 11.98 per cent across all jurisdictions sits below the rate of inflation for this period.⁵⁶

| | Publicly underwritten schemes | | | | Privately underwritten schemes | | | |
|------------------------------|-------------------------------|-----------------|-----------------|---------------|--------------------------------|----------------|---------------|----------------|
| | NSW | Vic | Qld | SA | WA | ACT | Tas | NT |
| 2021/22 | 1.44% | 1.272% | 1.20% | 1.70% | 1.704% | 2.22% | 2.16% | 2.1% |
| 2022/23 | 1.48% | 1.272% | 1.23% | 1.80% | 1.822% | 2.22% | 2.03% | 2.2% |
| 2023/24 | 1.60% | 1.80% | 1.29% | 1.85% | 1.727% | 2.10 | 1.90% | 2.3% |
| 2024/25 | 1.73% | 1.80% | 1.343% | 1.85% | 1.732% | 2.00% | 1.89% | Not available |
| 2025/26 | 1.87% | 1.80% | 1.343% | 1.85% | 1.823% | 2.04% | 2.06% | Not available |
| Change since 2021/22: | +29.86% | + 41.51% | + 11.92% | +8.82% | +6.98% | - 8.11% | -4.63% | +9.52%* |

* change over the period 2021/22 to 2023/24

Average premium rate changes since 2021/22:

- Publicly underwritten schemes: **increase of 23.03 per cent.**
- Privately underwritten schemes: **increase of 0.94 per cent.**
- All schemes: **increase of 11.98 per cent.**

Comparison with the Consumer Price Index since 2020:

The Consumer Price Index (CPI) has seen a total inflation of approximately 24 per cent in Australia from 2020 to 2025.⁵⁷

Observations:

- Average premium rates for privately underwritten schemes peaked in the 2022/23 year and have since reduced. The rate increases for the privately underwritten schemes over the previous five years have been significantly lower compared to the publicly underwritten schemes.

⁵⁶ Average premium rates have been obtained from publicly available sources (e.g., information provided by regulators).

⁵⁷ [Consumer Price Index, Australia, March Quarter 2025 | Australian Bureau of Statistics](#)

- Rates in WA increased slightly from 2023/24 to 2024/25, in part due to the impact of reforms that became effective on 1 July 2024 and were estimated to add 3.2 per cent to the recommended premium rate⁵⁸. These reforms included doubling the medical and health expenses limit and period of income replacement benefit and the exclusion of stress claims arising from reasonable administrative actions. A separate levy for lifetime care benefits for catastrophically injured workers has also been introduced and is payable by insurers.
- Publicly underwritten schemes have all experienced increases in average premium rates for the previous five years with NSW and Victoria experiencing a particularly high increase in the 2023/24 year. In Victoria there was a 42 per cent increase in average premium rates from 2022/23 to 2023/24, along with legislative reform effective from 31 March 2024 which aimed to reduce claims costs by excluding claims where stress or burnout is the main cause, and to tighten eligibility criteria for long term benefits. Rates have remained steady in Victoria since 2023/24. Rates have continued to increase at 8 per cent per year in NSW. Queensland and SA have experienced more modest increases over this period.
- NSW, Victoria and SA had net funding ratios below 100 as at 30 June 2023 and 30 June 2022 suggesting that premiums were insufficient for these years for the schemes to operate on a fully funded basis.⁵⁹

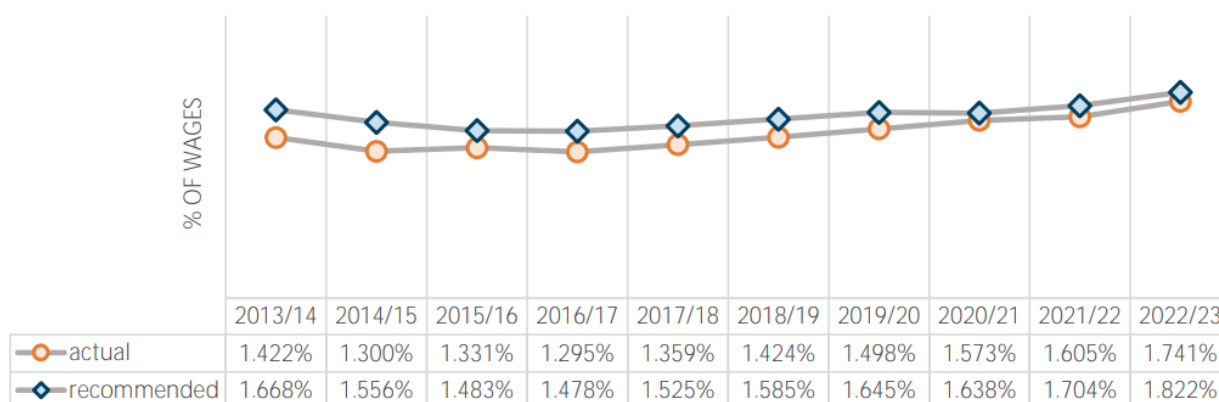
Average actual premium rate vs average recommended premium rate

In most privately underwritten schemes, regulators publish recommended premium rates, but insurers can determine their own premium rates (within the legislative framework). The average actual premium rate is the total premiums paid as a percentage of total wages paid by employers.

Over the past few years, the gap between what insurers charge and the regulator's 'recommended rates' has narrowed. For example, in WA, the difference between the actual and recommended rate in 2013/14 was 0.246 per cent but was only 0.081 per cent in 2022/23 as demonstrated in data from WorkCover WA below.⁶⁰

AVERAGE ACTUAL PREMIUM RATE VS. AVERAGE RECOMMENDED PREMIUM RATE

Average actual premium rate is the actual amount of premiums collected as a percentage of wages paid to employees. This is compared to the recommended premium rate, which ensures sufficient premium is collected to meet the costs of workers compensation claims.



⁵⁸ WorkCover WA 2024/25 recommended premium rates, March 2024, Scyne Advisory, [Att-3-202425-recommended-pre-report-Actuarial-assessment.pdf](#)

⁵⁹ Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison_of_workers_compensation_arrangements_in_australia_and_new_zealand_29th_edition_2023.docx](#)

⁶⁰ Workers Compensation in Western Australia Annual Statistical Report 2023/24, November 2024, WorkCover WA, [WorkCover-WA-Annual-Statistical-Report-2020-21-to-2023-24-Sep-2024-BISstatrep.pdf](#)

Analysis of profitability in workers' compensation schemes

As demonstrated below, some publicly underwritten schemes (NSW, Victoria and SA) had a net funding ratio below 100 as at 30 June 2023 and 30 June 2022 suggesting that they were under funded (i.e., there were insufficient assets to cover outstanding claims liabilities).⁶¹

Table 8.4: Schemes' funding positions as at 30 June 2023 and 30 June 2022

| | 30 June 2023 | 30 June 2022 |
|-------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| NSW¹ | Assets: \$20,285m Liabilities: \$22,070m Funding Ratio: 92% | Assets: \$18,549m Liabilities: \$19,795m Funding Ratio: 94% |
| Vic | Assets: \$22,083.60m Liabilities: \$26,154.80m Funding Ratio: 84.40% | Assets: \$20,255m Liabilities: \$23,938.60 Funding Ratio: 84.60% |
| Qld | Assets: \$6,771m Liabilities: \$4,874m Funding ratio: 139% | Assets: \$6,267m Liabilities: \$4,397m Funding ratio: 143% |
| WA | WA is a privately underwritten scheme, therefore this data is not available | WA is a privately underwritten scheme, therefore this data is not available |
| SA | Assets: \$4,070m Liabilities: \$4,297m Funding ratio: 94.7% | Assets: \$3,801m Liabilities: \$4,096m Funding Ratio: 92.8% |
| Tas | Tasmania is a privately underwritten scheme therefore this data is not available | Tasmania is a privately underwritten scheme, therefore this data is not available |
| NT | Northern Territory is a privately underwritten scheme therefore this data is not available | Northern Territory is a privately underwritten scheme therefore this data is not available |
| ACT | Australian Capital Territory is a privately underwritten scheme therefore this data is not available | Australian Capital Territory is a privately underwritten scheme therefore this data is not available |
| C'wealth Comcare² | Liabilities: \$1,698m Funding Ratio: 117% | Liabilities: \$1,664m Funding Ratio: 124% |
| C'wealth Seacare | Seacare is a privately underwritten scheme, therefore this data is not available | Seacare is a privately underwritten scheme, therefore this data is not available |
| New Zealand | Assets: NZ\$ 10,378m Liabilities: NZ\$ 7,086m Funding Ratio: 146.4% | Assets: NZ\$ 9,943m Liabilities: NZ\$ 6,810m Funding Ratio: 146.0% |

¹ The funding position is provided for the government insurer, Insurance & Care NSW which represents 74% of wages within New South Wales

² Comcare data is, and has been in previous years, inclusive of risk margins and may not be directly comparable to publicly underwritten schemes.

Privately underwritten workers' compensation schemes in Australia are generally profitable due to factors like competition and the ability to manage risk and costs effectively. An insurer's performance is measured by its Insurance Trading Result which is the profit (before tax) relating to its insurance business.⁶²

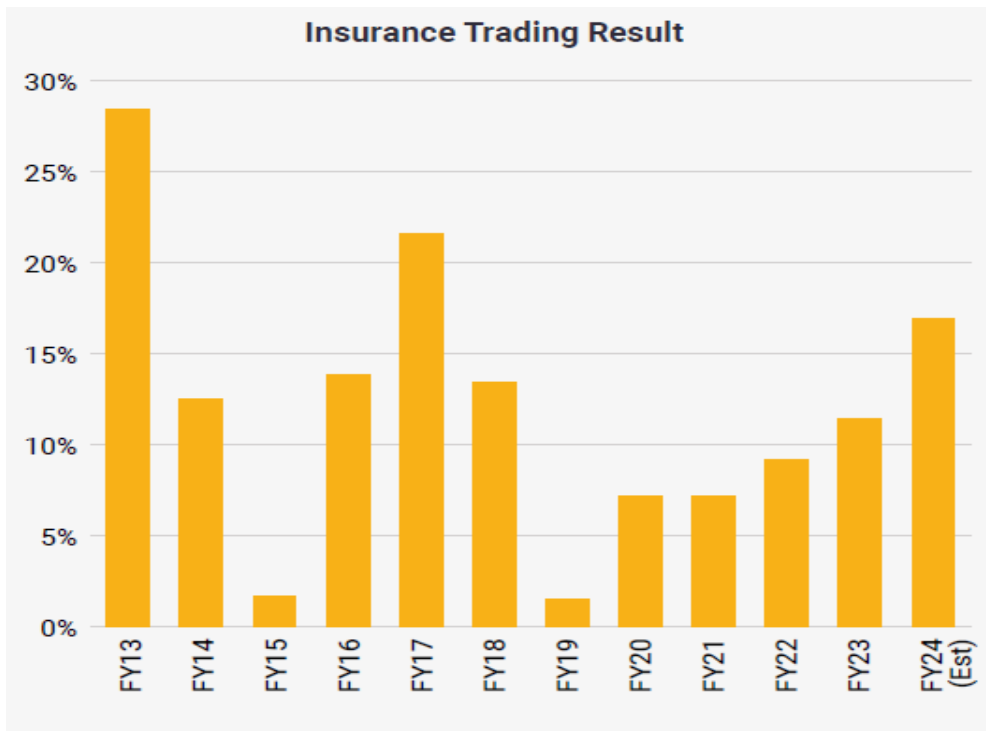
A Finity analysis of APRA data provides the following:⁶³

- **Gross Earned Premium** - Gross Earned Premium for workers' compensation was forecast to be \$3.1b in FY25, representing a 5 per cent increase.
- **Insurance Trading Margin** – the Insurance Trading Margin for workers' compensation was forecast to be 15 per cent for FY25.
- **Return of Equity** – the Return on Equity for Workers' Compensation was forecast to be 17 per cent for FY25.
- **Insurance Trading Result** – the Insurance Trading Result for Workers' Compensation was estimated to be 17 per cent for FY24 after a period of lower figures as set out below.

⁶¹ Comparison of Workers' Compensation Arrangements in Australia and New Zealand 2023, 29th Edition, Safe Work Australia, [comparison of workers compensation arrangements in australia and new zealand 29th edition 2023.docx](#)

⁶² APRA defines 'Insurance Result' as "the Underwriting result plus Net investment income on assets backing insurance liabilities less investment expenses on assets backing insurance liabilities" [glossary.pdf](#)

⁶³ 2024 Optima General Insurance Highlights, Finity.



Insurer performance:

While average claim sizes have continued to grow, reductions in overall claim frequency, high wage growth and higher investment returns have resulted in a position of profitability for insurers.

Volatility:

Workers' compensation is a long-tail class of insurance. Profitability in schemes, particularly smaller schemes, can change from year to year. For long-tail classes of insurance such as workers' compensation, claims may be made long after the end of an insured period. Profitability in a particular year is not as relevant for long-tail classes of insurance where insurers need to maintain sufficient investment income ratios to ensure cover can be provided for unknown and unquantified claims that may not be made for many years.

Pressures on workers' compensation schemes - deep dive into existing and emerging issues

Pressures on workers' compensation schemes

Factors that are contributing to pressure on workers' compensation schemes and need careful and regular monitoring include:

- Increasing claim numbers
- Increasing average claim sizes
- Longer claim duration
- The impacts of legislation

The increase in total claim payments and the number of claims with 60+ days in lost time demonstrates a persistent trend of an increasing share of more complex and longer duration claims (both physical and psychological). This trend requires careful monitoring and may require consideration by governments of potential regulatory reform.

Existing and emerging issues

Psychological injury claims:

Psychological injury claims in workers' compensation have significant impacts, including:

- Increased costs
- Delayed recovery and longer time off work
- Potential stigma for workers and strained relationships between employers and employees

Trends:

Rates of mental illness have increased significantly in recent years which is having a profound impact on individuals and communities more broadly, putting pressure on health systems, workplaces, and both statutory insurance classes (workers' compensation and CTP) and broader commercial lines like public liability insurance.

Mental illness affects a significant portion of the population and rates have increased dramatically in recent years. According to the Australian Bureau of Statistics' National Study of Mental Health and Wellbeing (2020-2022):

- 43 per cent of Australian aged 16-85 (around 8-9 million) had experienced a mental disorder at some point in their lives.
- 22 per cent had experienced a mental disorder in the past 12 months, with 17 per cent having an anxiety disorder.

- Among young adults aged 16-24, 39 per cent had a mental disorder in the past 12 months.⁶⁴ This figure was 26 per cent in 2007.⁶⁵

The increase in mental illness has been in stark contrast to overall improvements in public health over the last century, with deaths from infectious diseases falling by 98 per cent between 1907 and 2020⁶⁶ and deaths from cardiovascular disease decreasing by 85 per cent from 1968 to 2022.⁶⁷ Australia experienced this public health success through both prevention and treatment.⁶⁸

In contrast, more people are now living with the burden of disease from chronic illness, including mental illness which is one of the fastest growing chronic conditions.⁶⁹ The leading causes of ill health between 2003-2023 were mental and substance use disorders (26 per cent of the non-fatal disease burden in 2023).⁷⁰

The recent increases in mental illness and changing societal attitudes in relation to mental health is correlating with a higher frequency of psychological injury claims.

According to Safework Australia, workplace mental health conditions are one of the costliest forms of workplace injury with data demonstrating that they lead to significantly more time off work and higher compensation paid when compared to physical injuries and diseases.⁷¹ In 2019-20:

- The median time lost for mental health conditions was 30.7 working weeks per serious claim, compared to 6.2 working weeks per serious claim for physical injuries and diseases.⁷²
- The median compensation paid was \$55,270 per serious claim, compared to \$13,883 for physical injuries and diseases.⁷³
- The median time lost (in working weeks) for mental health conditions increased from 18.8 working weeks in 2015-16 to 30.7 working weeks in 2019-20.⁷⁴

Psychological claim numbers continue to grow as a share of total claims. For example, in WA, the proportion of psychological injury claims increased from around 3.5 per cent of all claims in 2022 to exceed 5 per cent of all claims in 2023. While this remains a minority of total claim numbers, psychological claims tend to have a much higher average claim size than physical claims. Across all jurisdictions in Australia, the average size of serious mental injury claims (those with at least one week time lost) has increased to around \$65,000, more than three times the overall average claim size.⁷⁵ This reflects a longer claim duration for mental injury claims which are more than four times the overall

⁶⁴ National Study of Mental Health and Wellbeing 2020-2022, Australian Bureau of Statistics, [National Study of Mental Health and Wellbeing, 2020-2022 | Australian Bureau of Statistics](#)

⁶⁵ Australia's Youth: mental illness, Australian Institute of Health and Welfare, Australian Government, 25 June 2021, [Australia's youth: Mental illness - Australian Institute of Health and Welfare](#)

⁶⁶ Deaths due to infectious diseases have increased again due to COVID-19 which was the third leading cause of death in 2022. The ongoing challenge of chronic conditions in Australia, Australian Institute of Health and Welfare, Australian Government, 2 July 2024, [Australia's health 2024: data insights: The ongoing challenge of chronic conditions in Australia - Australian Institute of Health and Welfare](#)

⁶⁷ The ongoing challenge of chronic conditions in Australia, Australian Institute of Health and Welfare, Australian Government, 2 July 2024, [Australia's health 2024: data insights: The ongoing challenge of chronic conditions in Australia - Australian Institute of Health and Welfare](#)

⁶⁸ Ibid.

⁶⁹ July 2024, [Australia's health 2024: data insights: The ongoing challenge of chronic conditions in Australia - Australian Institute of Health and Welfare](#)

⁷⁰ Ibid.

⁷¹ Key work health and safety statistics Australia 2022, 17 January 2023, Safe Work Australia, [Key work health and safety statistics Australia 2022 | Safe Work Australia](#)

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ The Cost of Mental Injury Claims in Queensland, Alycia Jeffrey, 21 August 2024, Finity, [The Cost of Mental Injury Claims in Queensland | News and Insights - Finity Consulting](#)

median time lost for claimants with at least one week off work.⁷⁶ There is also a growing recognition of 'secondary psych' claims, which can greatly increase the costs of an initial primary physical injury.⁷⁷

In Victoria, mental injury claims now make up 16 per cent of all claims, compared to only 2 per cent of claims in 1985.⁷⁸ This number is projected to rise even further, with WorkSafe Victoria forecasting a 5.5 per cent increase year on year for new mental injury claims up to 2030.⁷⁹

In NSW, the number of psychological injury claims has doubled since 2018, and the average cost of claims has doubled since 2020.⁸⁰ Just 50 per cent of workers with psychological claims are back at work within a year compared to 95 per cent for physical injuries.⁸¹

The delay in workers returning to work increases the costs to workers' compensation schemes through the payment of statutory benefits over a longer period of time, it impacts workplaces through the loss of a productive worker and is often not in the best interests of workers or their families. The [Health Benefits of Good Work](#) is an initiative of the Australasian Faculty of Occupational and Environmental Medicine that recognises the compelling international and Australasian evidence that work is good for health and wellbeing, and that long-term work absence, work disability and unemployment generally have a negative impact on health and wellbeing. International evidence has shown that returning to work is therapeutic and promotes recovery and is good for patients physically, socially and financially.⁸²

There remains a risk of further growth in psychological injury claims, with over 20 per cent of Australian adults experiencing a mental health disorder over a 12-month period.⁸³

Regulatory reform:

There is growing awareness of psychosocial risks in workplaces, driven by increased understanding of their impact on employee wellbeing and the recognition of legal obligations to manage them.

Psychosocial hazards are factors at work that can cause psychological harm or mental health problems, and potentially physical harm as well. They can arise from the way work is designed, organised and managed, and from the social and environmental aspects of the workplace. They can have a significant impact on individuals, employers and workers' compensation schemes.

In response to increasing psychological injury claims, all jurisdictions except Victoria have now adopted harmonised model Work Health and Safety legislation and regulations to define psychosocial hazards and how they should be identified, controlled and managed.

Workers' Compensation laws are also being reviewed and updated to address the increasing pressure from psychological injury claims and long-tail claims and to ensure the long-term viability of the schemes.

⁷⁶ The Cost of Mental Injury Claims in Queensland, Alysia Jeffrey, 21 August 2024, Finity, [The Cost of Mental Injury Claims in Queensland | News and Insights - Finity Consulting](#)

⁷⁷ 2024 Optima General Insurance Highlights, Finity.

⁷⁸ [The 'Scheme Modernisation' Changes to Victoria's Workers Compensation Laws - will they have the desired impact? | Turks](#)

⁷⁹ Ibid.

⁸⁰ Workers Compensation reform passes key hurdle, 4 June 2025, NSW Government, Ministerial Media Release, [Workers Compensation reform passes key hurdle | NSW Government](#)

⁸¹ Ibid.

⁸² Early healthcare provider communication with patients and their workplace following a lost-time claim for an occupational musculoskeletal injury, Kosny A, Franche RL, Pole J, Krause N, Côté P, Mustard C., 2006, Journal of Occupational Rehabilitation, [Early healthcare provider communication with patients and their workplace following a lost-time claim for an occupational musculoskeletal injury - PubMed](#)

⁸³ 2024 Optima General Insurance Highlights, Finity.

Victoria:

On 19 May 2023, the Victorian government announced significant reform due to increasing pressure on the WorkCover scheme's financial sustainability, threatening its ability to meet its claims liabilities and continue to support injured workers.⁸⁴

The key drivers impacting the viability of the Victorian scheme were identified as follows:

- A premium deficit – with premiums not enough to fund expected liabilities;
- A growing number of mental injury claims – often arising out of stress and burnout;
- More workers staying on the scheme for longer than two and a half years.⁸⁵

Since 2010, WorkCover's claims liability has tripled, mainly driven by the increased cost of weekly income support and many workers staying on the scheme for longer.⁸⁶ This increase is partly driven by mental injury claims which now represent 16 per cent of new claims.⁸⁷ This was never envisaged when the scheme was designed.

The Victorian reforms commenced on 1 March 2024 and included three key reforms:⁸⁸

- An increase in the average premium rate to 1.8 per cent of remuneration.
- Establishing Return to Work Victoria to provide more workers with the support needed to return to employment.
- Adjusting eligibility for mental injury claims and introducing a whole person impairment threshold for claims that receive weekly benefits for more than two and a half years alongside the capacity test.

The following eligibility requirements were introduced for primary mental injury claims:

The claimed mental injury must have:

- caused significant behavioural, cognitive or psychological dysfunction; and
- been diagnosed by a medical practitioner in accordance with the Diagnostic Statistical Manual of Mental Disorders.
- arisen out of or in the course of any employment.
- not have been predominantly caused by stress or burnout, as a result of events that may be considered usual or typical and reasonably expected to occur in the course of a worker's duties.

NSW:

The NSW Government has progressed legislation aimed at addressing escalating cost pressures arising from psychological injury claims within the workers' compensation scheme. The reforms focus on the prevention of psychological injuries and introduce tighter eligibility and entitlement settings for primary psychological injury claims, including higher whole person impairment (WPI) thresholds and more narrowly defined compensable events.

⁸⁴ Getting Victorians Healthy and Back to Work, 19 May 2023, Victorian Government, [Getting Victorians Healthy And Back To Work | Premier](#)

⁸⁵ WorkCover Scheme Modernisation Fact Sheet, Victorian Government, [Factsheet-WorkCover-Scheme-modernisation-Overview.docx](#)

⁸⁶ Ibid.

⁸⁷ WorkCover Scheme Modernisation Fact Sheet, Victorian Government, [Factsheet-WorkCover-Scheme-modernisation-Overview.docx](#)

⁸⁸ Ibid.

The NSW Government advised that without reform, premiums for employers without claims against them were expected to rise by at least 36 per cent over three years.⁸⁹

The reform program has been implemented through two Bills. The first, the Workers Compensation Legislation Amendment Bill 2025, was passed by Parliament in November 2025 following referral to, and inquiry by, the Public Accountability and Works Committee (PAWC). The PAWC tabled its report on 3 November 2025 and made a number of recommendations, including that the NSW Government, in consultation with the Injured Workers Campaign Network and Unions NSW, establish a formal, permanent injured workers advisory committee with which the boards of both icare and SIRA must regularly consult in relation to the operation and ongoing reform of the NSW workers' compensation system.⁹⁰

A second tranche of reforms was subsequently enacted through the Workers Compensation Legislation Amendment (Reform and Modernisation) Bill 2026, which passed Parliament on 4 February 2026. These amendments further refine psychological injury entitlements, introduce phased increases to WPI thresholds for psychological injury, establish new return-to-work support arrangements for workers with psychological injuries, and provide for revised decision-making timeframes and dispute pathways.⁹¹ Key elements of the reforms commenced in March 2026, with further changes scheduled to take effect from 1 July 2026 and beyond.⁹² SIRA is continuing implementation work with icare and other stakeholders.

Complex claims:

Complex workers' compensation claims have significant impacts on schemes including increased costs and delayed resolutions. These cases often involve multiple medical conditions, including physical and/or psychological injuries, or complex return to work processes which can strain resources and lead to disputes.

Risk factors that may impede a worker's return to work include:

- Pre-existing and chronic health conditions
- Psychological issues, including secondary psychological injury claims
- Demographic changes in the workforce (e.g., an ageing workforce)
- Changes in people's resilience⁹³

These factors are likely to be behind the increasing trends in average claim costs and the number of claims with more than 60 days lost time.

The effective management of complex claims has been considered in a number of reviews and papers. For example, a Victorian workers' compensation review (the 'Independent Review into Complex Workers' Compensation Claims Management'), which commenced in 2020, considered the challenges in managing complex claims. The Review's final report was released on 18 March 2022 and made the following recommendations:

- WorkSafe Victoria implement a triage system to assess if a claim it receives is complex or at risk of becoming complex.

⁸⁹ Workers compensation reforms pass parliament, 5 February 2026, Ministerial media release, NSW Government, [Workers compensation reforms pass parliament | NSW Government](#)

⁹⁰ Workers Compensation Legislation Amendment Bill 2025 and Workers Compensation Legislation Amendment (Reform and Modernisation) Bill 2025, November 2025, NSW Parliament, [Report](#)

⁹¹ Workers compensation reforms pass parliament, 5 February 2026, SIRA website, [Workers compensation reforms pass parliament - SIRA](#)

⁹² Workers compensation reform: 27 March commencement, 30 March 2026, SIRA website, [Workers compensation reform: 27 March commencement - SIRA](#)

⁹³ Are young people less resilient than they used to be?, 28 May 2019, SACS Consulting, [Are Young People Less Resilient Than They Used to Be? Do They Lack Resilience?](#)

- Claims be assessed using a biopsychosocial approach based on the individual needs of the worker and not just the likely duration of the claim. The review noted that the goal of the triage system should be to gather sufficient information about the claim to assess relevant risks.
- WorkSafe proactively communicates with the worker, treating health providers, the employer and any other relevant parties.
- WorkSafe proactively identifies appropriate and timely interventions for the claim to maximise the prospects of the worker being restored to their pre-injury lifestyle, including employment.⁹⁴

A 2022 paper by It Pays to Care ('Brining evidence-informed practice to work injury schemes helps workers and their workplaces – An imperative for change and call to action') considered the challenges of case management, and opportunities for improvement, and noted the following:

- Complex cases are time-consuming and require greater levels of expertise than straightforward cases, but they are not necessarily allocated to experienced case managers, and mental health claims are not necessarily allocated to a case manager with expertise in that field.
- The greatest challenge to continuity of care comes from high staff turnover amongst case managers. For some workers, especially those with complex claims, this is a stressful experience because rapport and claim history are lost whenever a change of case manager occurs.
- Collaboration is vital and there is a higher chance of a worker returning to work when the 'whole team is onside' (i.e., there is a multidisciplinary approach). Collaboration is more likely to occur when stakeholders and scheme participants feel they are heard, and their needs are being addressed.
- An area for improvement involves researching and implementing better dispute resolution with less legal involvement. The paper suggests simplifying and personalising processes by favouring dispute resolution mechanisms that minimise adversarial interactions and can be completed quickly, noting that adversarial attitudes and disputes significantly reduce the likelihood of workers returning to work.⁹⁵

Psychological injury and complex claims – existing and future challenges:

Increasing proportion of more complex and longer duration claims

There is a persistent trend of an increasing share of more complex and longer duration claims which is limiting reductions in private sector recommended rates.⁹⁶ Factors behind the increase in more complex and longer duration claims include changing societal attitudes to mental illness, the increasing number of people with chronic health conditions, demographic changes in the workforce (e.g., more older workers) and changes in people's resilience. While psychological injury claims remain a minority of total claims, they tend to have a much higher average claim size than physical claims.⁹⁷ As these costs continue to increase, they will place greater pressure on workers' compensation schemes in the future.

⁹⁴ Independent Review into Complex Workers' Compensation Claims Management, Victorian Government Response, [WoVG Response to Independent Agent Review.pdf](#)

⁹⁵ Brining evidence-informed practice to work injury schemes helps workers and their workplaces – An imperative for change and call to action, It Pays to Care, April 2022, [bringing-evidence-informed-practice-to-work-injury-schemes.pdf](#)

⁹⁶ 2024 Optima General Insurance Highlights, Finity.

⁹⁷ Ibid.

Societal challenges

The prevalence of mental illness in society poses challenges for workers' compensation schemes and is an issue that is likely to grow. It is estimated that 1 in 5 Australians aged 16-85 (22 per cent or 4.3 million) experienced a mental disorder in the previous 12 months and that 43 per cent of the population had experienced a mental illness during their life.⁹⁸ Existing mental health conditions can significantly impact workers' compensation claims, potentially leading to longer recovery times, increased costs, and complex claim processes. Workers with pre-existing mental health conditions may experience delays in returning to work and require more extensive treatment and support.

Treatment challenges

The current shortage of medical professionals (e.g., psychologists and psychiatrists) makes the provision of early treatment more challenging, which can delay recovery and return to work and add additional costs to the workers' compensation schemes. The president of the Royal Australian and New Zealand College of Psychiatrists (RANZCP), Dr Elizabeth Moore, says the current psychiatric workforce meets only 56 percent of current national demand.⁹⁹ The shortage of psychologists is described as 'breaking the mental health system' by the Australian Psychological Society president, Dr. Catriona Davis-McCabe.¹⁰⁰ Addressing shortages of mental health professionals will be critical to reducing the high costs of psychological injuries on workers' compensation schemes.

Claim management

The role of case managers in the effective management of psychological injury claims and complex claims is critical, but attrition remains an issue. A 2021 review of WorkSafe Victoria's management of complex workers' compensation claims referred to submissions and survey responses from workers that identified inadequately trained case managers and the high turnover of case managers as an issue.¹⁰¹ These concerns were echoed in a 2023 Review of the (NSW) Workers Compensation Scheme which noted that throughout the inquiry, many stakeholders raised concerns about claims management including the 'revolving door' of case managers experienced by claimants.¹⁰² Anecdotal reports put the turnover of workers' compensation case managers at 40 per cent per annum in some jurisdictions.¹⁰³

A lower rate of turnover was reported in the 2021 Return to Work Matters Case Management Survey which found that 52 per cent of respondents had worked in the industry for more than ten years, 21 per cent for five to ten years and 16 per cent for at least three years.¹⁰⁴ However, with only 62 responses, these results were not considered representative of case managers more generally, especially given the recognised high turn-over in the field. Rather, the results were interpreted as representing the perspective of an experienced, committed cohort of case managers.¹⁰⁵ The survey highlighted that the longer a case manager had been in the industry, the longer they intended to stay in the industry. The survey results demonstrated that these 'career case managers' actively seek out training opportunities to accrue new skills, are motivated by achieving positive return-to-work outcomes, find satisfaction in building relationships and working collaboratively and have a clear understanding of the challenges of the field and common barriers to success. The survey found, however, that the skills and knowledge of

⁹⁸ Prevalence and impact of mental illness, Australian Government, Australian Institute of Health and Welfare, 20 May 2025, [Prevalence and impact of mental illness - Mental health - AIHW](#)

⁹⁹ Mental health crisis driving huge demand for skilled practitioners, 30 September 2024, by The Age, [Mental health crisis driving huge demand for skilled practitioners | APS](#)

¹⁰⁰ Ibid.

¹⁰¹ Improving the experience of injured workers: A review of WorkSafe Victoria's management of complex workers' compensation claims, Peter Rozen QC, April 2021, [Improving the experience of injured workers FINAL REPORT_0.pdf](#)

¹⁰² 2023 Review of the Workers Compensation Scheme, NSW Parliament, 5 December 2023, [Report](#)

¹⁰³ Case management opportunity alert, RTW Matters, [Return to Work Matters - Case management opportunity alert](#)

¹⁰⁴ Case management survey: caseloads, commitment and self-training, Return to Work Matters, [Return to Work Matters - Case management survey: caseloads, commitment and self-training](#)

¹⁰⁵ Case management survey: caseloads, commitment and self-training, Return to Work Matters, [Return to Work Matters - Case management survey: caseloads, commitment and self-training](#)

this valuable cohort are not systematically passed on to junior colleagues, with far too little mentoring and peer-to-peer learning. The survey found that 60 per cent of those surveyed work at organisations that do not have a mentoring system in place and 50 per cent work in organisations that do not have collaborative case discussions.¹⁰⁶

Recommendation: a coordinated effort involving governments, regulators, insurers and health professionals to address the increasing cost of psychological injury claims and other complex and long duration claims to help ease pressure on workers' compensation schemes.

Dust diseases (e.g., Silicosis):

Dust diseases, like silicosis and asbestosis, pose significant challenges to workers' compensation schemes due to their long latency periods, complex causation, and potential for high costs. These diseases can lead to substantial income loss, medical expenses, and permanent disability, placing a burden on both the compensation system and individual workers.

Dust diseases have had a tragic toll on those personally impacted by them. Tens of thousands of Australians have been exposed to asbestos and many thousands have died from mesothelioma, lung cancer and asbestosis.¹⁰⁷

Specific issues in relation to dust diseases include the following:

- **Long Latency Periods** - dust diseases often develop decades after exposure, making it difficult to establish a clear link between workplace exposure and the disease. This can lead to disputes about eligibility for compensation and delays in accessing benefits.
- **Complex Causation** - attributing a dust disease to a specific workplace exposure can be complex, as factors like individual susceptibility, duration of exposure, and the type of dust can influence disease development.
- **High Costs** - dust diseases can result in significant medical expenses, lost wages, and permanent disability, leading to substantial compensation payouts. The long-term nature of these diseases can also lead to ongoing medical care and rehabilitation needs.
- **Challenges for Workers** - workers diagnosed with dust diseases may face difficulties in accessing adequate compensation, including limitations on income compensation, lump sum payments for permanent impairment, and potential barriers to common law claims.
- **Barriers to Access** - the complexity of the legal and administrative processes involved in dust disease claims can be a barrier to accessing compensation, particularly for workers with limited resources or legal representation.
- **Impact on Employers** - employers may face increased costs associated with dust disease compensation, including premiums for workers' compensation insurance, medical expenses, and potential litigation.

Jurisdictional approaches to dust diseases

Jurisdictions across Australia have taken different approaches to addressing the challenges posed by dust diseases. While some jurisdictions have established special schemes such as the NSW Dust Diseases Scheme, others rely on broader workers' compensation schemes or common law claims but may have special provisions for dust diseases.

¹⁰⁶ Case management opportunity alert, RTW Matters, [Return to Work Matters - Case management opportunity alert](#)

¹⁰⁷ Ibid.

NSW - Dust Disease Scheme

- In NSW, employers pay premiums to fund the Dust Diseases Scheme, which provides compensation to workers suffering from dust-related diseases due to their work.
- SIRA determines the methodology for the levy rate determination and contributions are made by insurers (Nominal Insurer, self-insurers and specialized insurers) to the Workers' Compensation Fund.
- Workers may be entitled to compensation if:
 - They have a medical diagnosis of a dust disease covered by the Scheme
 - There is evidence that the exposure to harmful dust occurred while employed in NSW.
 - They have a level of disability as a result of their dust disease.¹⁰⁸
- Compensation may include fortnightly compensation payments for injured workers and their eligible dependents, payment of medical, hospital and treatment expenses related to the dust disease and funeral expenses.¹⁰⁹
- Dust diseases covered include mesothelioma, asbestosis and silicosis and other listed diseases caused by exposure to asbestos, silica and other harmful workplace dusts.
- The Dust Diseases Tribunal of NSW is a court that has exclusive jurisdiction to hear and determine damages claims for those that have been affected by dust diseases. The Tribunal hears asbestos-related claims and other dust-related claims and has different procedures for hearing each category. The Tribunal recommends that plaintiffs engage legal counsel due to the complexity of most matters.
- There is no time limit to bring a claim in the Dust Diseases Tribunal and the Tribunal prioritises cases for plaintiffs whose life expectancy is shortest.

Special provisions in workers' compensation schemes and for common law claims

The workers' compensation schemes in other jurisdictions have special provision for dust diseases including:

- **Presumption of work injury/proclaimed diseases** – workers' compensation legislation may provide for a presumption of work injury for dust diseases and how dust disease claims are made and determined.¹¹⁰ The presumption applies if a worker has been exposed to asbestos or mineral dust harmful to the lungs and has suffered a dust disease.¹¹¹ Similarly, legislation may also 'proclaim' certain diseases, meaning workers do not need to prove their condition was caused by their employment.¹¹²
- **Simplified claims process** – for example, in WA, there are streamlined legislative and administrative arrangements for:
 - Making a compensation claim for dust disease
 - Dust Disease Medical Panel (DDMP) assessments and determinations

¹⁰⁸ Who we care for, icare, [Compensation Eligibility Caused by Dust Disease at Work | icare](#)

¹⁰⁹ Applying for Workers Compensation, icare Dust Diseases Care, [Applying for Workers Compensation](#)

¹¹⁰ For example, the *Workers Compensation and Injury Management Act 2023* (WA) provides for a presumption of work injury for dust disease and how dust disease claims are made and determined. 'Compensation for Dust Disease' Information Sheet 20, July 2024, WorkCover WA, [Information Sheet 20 - Compensation for Dust Diseases](#)

¹¹¹ 'Compensation for Dust Disease' Information Sheet 20, July 2024, WorkCover WA, [Information Sheet 20 - Compensation for Dust Diseases](#)

¹¹² For example, the *Workplace Injury Rehabilitation and Compensation Act 2013* (Victoria) provides that the Victorian Government may 'proclaim' certain diseases in relation to places, processes or occupation'. [Workplace Injury Rehabilitation and Compensation Act 2013](#)

- Liability and compensation for dust disease claims
- Common law damages for dust disease.¹¹³
- **Removal of time limits** – some states, including NSW and Queensland, do not apply time limitations for common law claims to be brought for defined dust diseases (as long as proceedings are issued in a sufferer’s lifetime).¹¹⁴ Other states, including Victoria, continue to impose strict time limits within which common law claims for damages must be brought. This raises complexities especially where there is early diagnosis (for example via the WorkSafe Victoria screening program). Proceeding in the early stages of disease progression poses risks that the claimant will fail to satisfy the serious injury test and be barred from pursuing a common law claim for damages.

Model Work Health and Safety laws

All jurisdictions except for Victoria have adopted the model Work Health and Safety (WHS) laws, which include provisions for dust diseases. Although Victoria has not adopted the model laws, similar laws operate there in relation to dust diseases.

Ban on engineered stone

The use, supply and manufacture of engineered stone was banned in Australia effective as of 1 July 2024 to address the dangers posed by silicosis.¹¹⁵ A ban on the importation of engineered stone benchtops, panels and slabs became effective on 1 January 2025.¹¹⁶

While the banning of engineered benchtops is a positive step, dust diseases often take decades to develop, meaning there is an ongoing risk that exposed workers will continue to become ill and require support.

Ongoing challenges

Dust diseases, particularly silicosis, continue to impact industries such as construction, leading to increased costs and claim volume. The table below shows the number of accepted silicosis claims by jurisdiction and industry from 2000-02 to 2018-19 (combined).¹¹⁷

| Jurisdiction | Manufacturing | Construction | Mining | Electricity, gas, water and waste services | Other Industries | Total |
|--------------|---------------|--------------|-----------|--------------------------------------------|------------------|------------|
| ACT Private | (-) | (-) | n.p. | (-) | (-) | n.p. |
| NSW | 20 | 60 | 15 | 25 | 15 | 135 |
| QLD | 120 | 5 | 15 | (-) | 5 | 145 |
| SA | n.p. | (-) | n.p. | (-) | 5 | 5 |
| TAS | 5 | (-) | (-) | (-) | (-) | 5 |
| VIC | 60 | 145 | 10 | (-) | 5 | 220 |
| WA | 5 | n.p. | n.p. | n.p. | 5 | 15 |
| Total | 215 | 215 | 40 | 25 | 30 | 520 |

¹¹³ Blueprint for Dust Disease Compensation and Common Law Damages, 22 May 2024, WorkCover WA, [Blueprint for dust disease compensation and common law damages](#)

¹¹⁴ The legislative response to the current wave of silicosis, a Victorian perspective, November/December 2022, Holly Pinnis and Ross Sottile, Precedent Issue 173, [66.pdf](#)

¹¹⁵ Prohibition on the use of engineered stone, 29 October 2024, Australian Government, [Prohibition on the use of engineered stone - Department of Employment and Workplace Relations, Australian Government](#).

¹¹⁶ Ibid.

¹¹⁷ Final Report to Minister for Health and Aged Care, June 2021, National Dust Disease Taskforce, [Final Report to Minister for Health and Aged Care](#)

There is evidence that nearly one in four engineered stone workers who have been in the industry since before 2018, are suffering from silicosis or other silica dust related diseases.¹¹⁸

Claims for silicosis have increased in recent years. For example, in Victoria, there were 536 workers' compensation claims for silicosis over 32 years, but 90 percent (482) claims were received between 2015 and 2022, a 27-fold increase from the previous 8-year period (18 claims).¹¹⁹

There are also potential new risks of exposure to deadly silica dust which can cause a range of deadly and debilitating lung diseases, including silicosis, cancer and obstructive pulmonary disease.¹²⁰ For example, the NSW Government has recently created a new expert taskforce to help address silica-related health risks for the thousands of workers in tunnelling projects. For approximately ten years, large amounts of silica have been churned up underground by giant tunnel boring machines used in various road and rail projects that have employed tens of thousands of workers.¹²¹ The new taskforce will bring together government, medical, industry and union representatives to oversee and help address silica-related health risks for workers in tunnelling projects.

Dust diseases create long-tail liabilities where there is uncertainty about the number of potential future claimants and the quantum of those claims. Ongoing monitoring of these claims will be important to understand any potential pressures on the workers' compensation schemes.

Regulatory Burden:

Inconsistency across workers' compensation schemes in Australia creates regulatory burden for employers, particularly those operating across multiple jurisdictions, and increases the cost and complexity of providing insurance services nationwide. The state and territory-based administration of workers' compensation schemes creates significant variations across jurisdictions, with differing definitions, coverage requirements, premium-setting methods, claims management processes, and dispute resolution mechanisms, meaning businesses must navigate a patchwork of legislation rather than a unified national system.

For multi-jurisdictional employers, the lack of harmonisation leads to duplicated administrative processes and compliance costs which consumes time and resources and increases the risk of inadvertent non-compliance due to the complexity and variability of the rules.

The inconsistency also complicates workforce mobility and the management of national safety programs. Furthermore, insurers and claims managers face challenges in coordinating care, return-to-work programs, and rehabilitation services across different regulatory environments.

Greater national consistency (or at least alignment of core principles and administrative processes) would reduce compliance complexity, improve fairness and transparency, and support more effective workplace health and safety outcomes.

¹¹⁸ Ibid.

¹¹⁹ Australian-first Monash study highlights the rapid rise of silicosis associated with artificial stone work, 9 February 2025, Monash University, [Australian-first Monash study highlights the rapid rise of silicosis associated with artificial stone work - Monash University](#)

¹²⁰ New taskforce to tackle impact of 'killer' silica dust on thousands of Sydney workers, 3 March 2025, ABC News, [New taskforce to tackle impact of 'killer' silica dust on thousands of Sydney workers - ABC News](#)

¹²¹ Ibid.

Recommendations to address pressures on workers' compensation insurance premiums

Workers' compensation schemes were designed at a time when few if any psychological injury claims were made. Societal changes in attitudes to mental health are resulting in a rapidly increasing number of psychological injury claims being made. A larger proportion of workers' compensation claims are complex, longer duration claims which are more costly and place increasing pressure on workers' compensation schemes leading to higher premiums in some jurisdictions.

While individual employers can take steps to make their workplaces safer, a coordinated effort involving governments, regulators, insurers and health professionals to address existing and emerging issues would help ease pressure on workers' compensation schemes, while ensuring the needs of injured people are met, providing certainty for employers and ensuring the long-term sustainability of the schemes.

We recommend governments consider options to harmonise workers' compensation obligations (or at least align core principles and administrative processes) to reduce regulatory burden, improve compliance, fairness and transparency and support more effective workplace health and safety outcomes.

We further urge stronger action from governments to address the impact of mental illness on individuals, workplaces, and society more broadly, through targeted and strengthened prevention initiatives. There are many examples of initiatives by governments at all levels to prevent and better manage mental ill health in the community including Mental Health Awareness Programs developed by the National Mental Health Commission¹²², and the NSW Government mental health package to improve workplace health which includes funding wraparound psychological support services for workers navigating the claims process and providing further funding to Safe Work Australia, with a focus on improving Safe Work's ability to counter psychosocial injury and hazards in the workplace.¹²³

Early intervention and treatment for psychological injuries can make a significant difference in the long-term for both employers and employees.¹²⁴ Early intervention programs have been found to have a positive effect on recovery outcomes, capacity to remain at work, the length of time away from work, the likelihood of further absences due to sickness and how workers view the workplace.¹²⁵

Where prevention is not possible and care is required, it should involve a comprehensive, patient-centred approach that ensures individuals receive the best possible treatment for their specific needs. We also ask governments to prioritise solutions to address the shortages of medical professionals (for example, psychiatrists and psychologists), particularly in regional and remote areas, to ensure that people can receive the timely and effective care they require. We refer to the Australian Government's National Mental Health Workforce Strategy 2022-2032 which notes that change must be whole of government and whole of community to make a real difference. It states that at the heart of this

¹²² Mental Health Awareness Programs, Australian Government, National Mental Health Commission, [Mental Health Awareness Programs | National Mental Health Commission](#)

¹²³ Workers Compensation Legislation Amendment (Reform and Modernisation) Bill 2025, second reading, 6 August 2025, [Legislative Assembly Hansard - 06 August 2025 - Proof](#)

¹²⁴ The importance of early intervention and treatment for psychological injuries, icare, [The importance of early intervention and treatment for psychological injuries | icare](#)

¹²⁵ The importance of early intervention and treatment for psychological injuries, icare, [The importance of early intervention and treatment for psychological injuries | icare](#)

change is a 'highly skilled, diverse, motivated, well-distributed and sustainable mental health workforce that is supported to deliver the services Australians need now and in the future'.¹²⁶

Increased government investment in prevention programs is critical to improving population wellbeing, reducing health inequities, and ensuring the long-term sustainability of Australia's health system. By addressing risk factors before they develop into chronic conditions or acute episodes, the burden of disease can be reduced, hospital admissions minimised and pressure on an already stretched healthcare system eased. The benefits of government investment in prevention include increased productivity through lower healthcare costs, reduced reliance on government support, and lower rates of absenteeism and attrition in workplaces. It is expected that improved mental health across the community will reduce the likelihood of injuries being sustained and will benefit insurance lines including workers' compensation, CTP and public liability through reduced claim numbers, lower claim costs and, ultimately, more affordable premiums for customers. In addition to these societal benefits, there are enormous benefits to individuals and those close to them when the impacts of mental illness are prevented.

Together with addressing the impacts of mental illness more broadly, governments and regulators must ensure the sustainability of the statutory schemes (workers' compensation and CTP) by balancing the need for appropriate support for injured people while ensuring premiums remain affordable.

We provide specific recommendations to address pressures on workers' compensation schemes below.

¹²⁶ National Mental Health Workforce Strategy 2022-2032, Australian Government, [national-mental-health-workforce-strategy-2022-2032.pdf](#)

ICA Recommendations

- **Prevention initiatives** – targeted and strengthened prevention initiatives are critical to address the sharp increase of mental illness in the community and are a vital step towards improving individual wellbeing, reducing long-term health system costs, and building stronger, more resilient communities. Prevention funding should be well allocated and flow through to those with the greatest need. Government prevention programs should include public education, early intervention, screening programs and support for healthier lifestyles.
- **Early intervention** – preventing or intervening early in life and early in illness should be prioritised to improve outcomes for people throughout their lives. Recognising and responding to early signs of psychological distress in employees, offering appropriate support to help employees manage their mental health and developing appropriate return-to-work options are critical.
- **Treatment** - where prevention is not possible and care is required, such care should involve a comprehensive, patient-centred approach that ensures individuals receive the best possible treatment for their specific needs.
- **Workforce shortages** – governments and regulators must address the shortages of medical professionals (for example, psychiatrists and psychologists), particularly in regional and remote areas, to ensure that people can receive the timely and effective care they require.
- **Claim management** – improvements in claim management should be identified including streamlining claims processes, recognising the unique challenges of psychological injuries, supporting measures to retain claims managers, providing mentoring opportunities and investing in research and data to better understand the causes, impacts, and effective management of psychological injuries at work and use this data to inform policies and practices.
- **Legislative reform** – governments and regulators to review scheme settings to address evolving challenges and pressures (including in relation to psychological injury claims) to ensure schemes remain sustainable and the interests of injured workers and employers are balanced.
- **Harmonisation** - governments consider options to harmonise workers' compensation obligations (or at least align core principles and administrative processes) to reduce regulatory burden, improve compliance, fairness and transparency and support more effective workplace health and safety outcomes.

Glossary

| | |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ANZSIC | Australian and New Zealand Standard Industrial Classification |
| CPI | Consumer Price Index |
| CTP | Compulsory Third Party |
| Days of lost time | The time an employee is unable to work due to a work-related injury or illness |
| DDMP | Dust Diseases Medical Panel |
| Gross Earned Premium | The portion of premiums that an insurance company has "earned" over a specific period, representing the revenue generated from the risk coverage provided during that time. |
| Industry classifications | Classifications used to categorise employers based on their primary business activity to assess the risk and cost of workplace injuries. |
| Industry rates | Rates that reflect the average cost of claims in a particular industry. |
| Insurance Trading Margin | The profit an insurer makes from its core insurance operations (excluding investment income). |
| Insurance Trading Result | The company's overall profitability from its core insurance operations. It is typically calculated as the underwriting result plus investment income on assets backing insurance liabilities, minus investment expenses. |
| Journey claims | Claims for injuries sustained in journeys to and from work. |
| Permanent impairment benefits | Payments that may be available for a permanent impairment injury. |
| Permanent impairment injury | An injury that is permanent (i.e., it is stable and does not improve with treatment) and meets relevant thresholds. |
| QOTE | Queensland Ordinary Time Earnings |
| RANZCP | Royal Australian and New Zealand College of Psychiatrists |
| Reinsurance | Insurance for insurers whereby an insurance company transfers some of its risk to another insurance company (the reinsurer). |
| Return on equity | The return on equity is a measure of the profitability of a business in relation to its equity (where: $ROE = \text{Net Income} / \text{Average Shareholders' Equity}$) |
| Self-insurance | Employers that self-insure manage and pay for their employees' work-related fatality and injury/illness claims. |
| SIRA | State Insurance Regulatory Authority |
| Specialised insurer licences | Licences that permit insurers to provide insurance for a particular industry. |
| Statutory workers' compensation scheme | A workers' compensation scheme that is established by legislation. |
| WCIFR | Workers Compensation Injury Frequency Rate |
| WHS | Work Health and Safety |
| WID | Work Injury Damages |
| WPI | Whole Person Impairment |



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