

Indexation of Workers Compensation Entitlements

The *WCIMA23* provides for compensation caps or limits to be adjusted in accordance with the regulations and protects against any reduction in capped entitlements if the value of the indices used for the adjustment is negative for a specific financial year.

Key Points

Act ref: s s . 538, 566

- In the 1981 Act, the caps that apply to various worker entitlements are indexed annually using various Australian Bureau of Statistics indices such as Average Weekly Earnings, Wage Price Index and Consumer Price Index. The applicable indexation methodology depends on the type of entitlement.
- Regulations will continue to set out the relevant methodology that applies to annual indexation.
- The *WCIMA23* protects against any reduction in the capped amount if that would otherwise occur as a result of the indexation method in regulations.
- The *WCIMA23* delivers on a 2021 election commitment to increase the medical and health expenses general limit from 30% to 60% of the general maximum amount, and extend the point at which income compensation payments step down from 13 to 26 weeks.
- There are no changes to other capped worker entitlements or the general maximum amount (known as the prescribed amount in the 1981 Act).

Questions & Answers

Q. Will the general capped entitlement amount in the *WCIMA23* align with the 'prescribed amount' referred to in the 1981 Act?

A. Yes. The 'general maximum amount' (the term used in the *WCIMA23*) is a value that is applied to the maximum amount of the sum of income compensation and permanent impairment compensation that a worker can be paid. It will be aligned to the prescribed amount of \$252,724 which is the maximum amount that applies to these entitlements in the 1981 Act for the 2023/24 financial year.

Q. What if the prescribed amount in the current Act changes before the Bill comes into operation?

A. Savings and transitional provisions automatically update the amount of \$252,724 to the prescribed amount immediately before commencement of the *WCIMA23*. The general maximum amount will automatically change to align with the prescribed amount immediately before commencement of the new Act.

