

Seacare HSR Forum 2009 presentation

Seacare Scheme Safety Performance

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- Fatalities
- Jurisdiction
- Claims
- Rehabilitation and RTW
- OHS Incidents
- Premiums

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This presentation looks at:

- Recent fatalities in the scheme
- Sources of safety data and size of the scheme
- Drills down into claims data to assess performance of scheme against other industries, and targets and looking for some claim incidence drivers
- Rehabilitation and RTW performance
- Issues with OHS Incident notifications
- Premium trends.

Fatalities



Fatalities

Three work-related fatalities during 2008-09 – first fatalities in scheme for 14 years

- *Spirit of Esperance* - 24 November 2008 (Reportable under OHS(MI) Act and potentially compensable under Seafarers Act)
- *Karratha Spirit* – 24 December 2008 (Reportable under NOPSA and potentially compensable under Seafarers Act)
- *Oceanic Discoverer* – 20 February 2009 (Reportable under OHS(MI) Act but under s20A exemption from Seafarers Act)



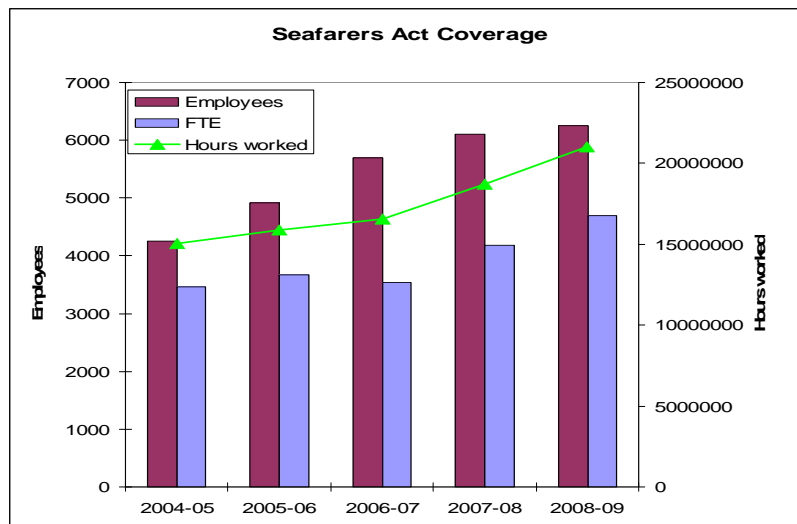
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Worth dwelling on fact that the shipping industry is a high risk industry and that fatalities can occur. The Seacare scheme is fortunate that prior to 2008-09 there were 14 fatality free years, but all that changed in 2008-09 with three fatalities occurred.

Scheme Performance Data Sources

- Workers' Compensation claims – Seacare Authority, SWA (CPM)
- Employee and Ship Details – Seacare Authority
- OHS Incident Notifications - AMSA
- RTW Monitor – Campbell Research & Consulting
- Actuarial advice – Taylor Fry

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There has been a steady increase in the size of the Seacare scheme in recent years:

- Number of employees increased by 47% from 4260 in 2004-05 to 6255 in 2008-09
- Increase in employment has been in offshore sector which has gone from under 40% of jurisdiction in 2004-05 to nearly 60% in 2008-09
- Hours worker has increased by 40% from 15m in 2004-05 to 21m in 2008-09
- Average hours worked in 2008-09, 64.6 per week reduction from 67.8 in 2004-05.

Seacare Claims Data 2008-09



Seacare Claims Data 2008-09

Claims accepted	188
-excluding property and journey claims	184
-one day or more lost time	
-injury and disease	145 (Seacare target metric)
-injury	96 (LTIFR metric)
-one week or more lost time	
-injury and disease	141
-injury and MSD	124 (SWA target metric)
FTE Employees	4,692
Employees (head count)	6,255
Hours worked	21,012,117

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Shows various metrics used to measure performance and how different trends can be obtained by using certain measures.

Data Definitions



Data Definitions

Incidence Rate:

Accepted claims per 1000 FTE

Accepted claims/FTE*1000

$$145/4692*1000 = 30.9$$

Frequency Rate:

Accepted claims per 1 million hours worked

Accepted claims/hours worked*1,000,000

$$141/21,012,117*1,000,000 = 6.7$$

Lost Time Injury Frequency Rate (LTIFR):

Claims with lost time per 1 million hours worked

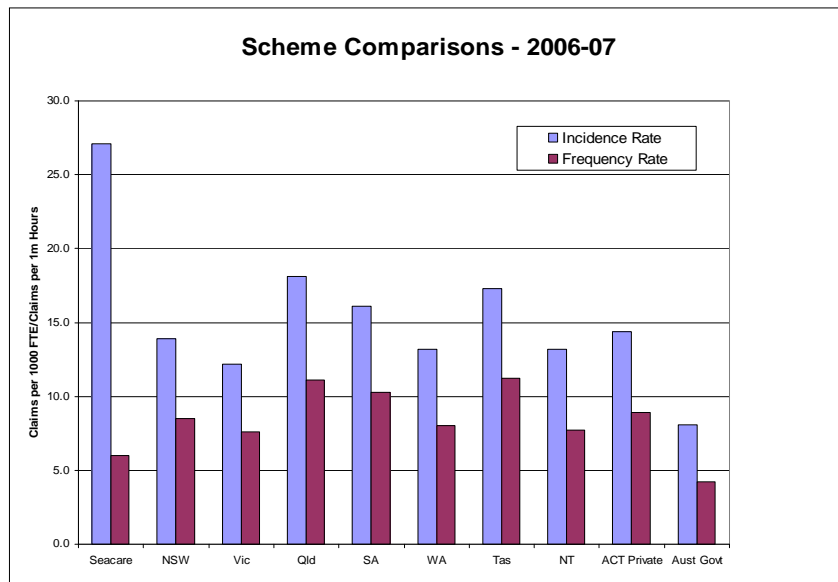
Lost time claims/hours worked*1,000,000

$$96/21,012,117*1,000,000 = 4.6$$

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Because of nature of the industry (long hours served on shifts, 24 hour operation etc) Frequency Rate often provides a more accurate of injury rates when compared to exposures. For instance a more normal average weekly hours worked (say 40 hours = 13.0 m hours) would give a Frequency Rate of 10.8 in 2008-09. Lost Time Injury Frequency Rate metric used by industry to assess performance.

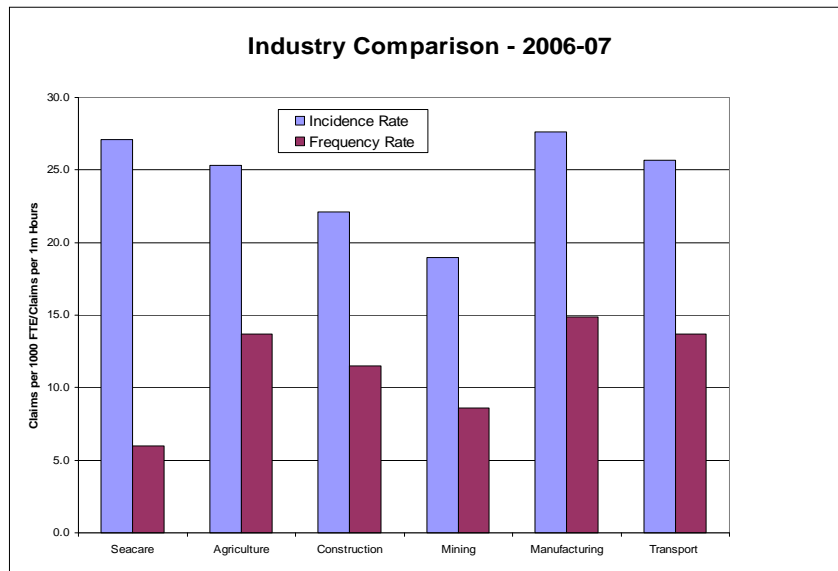
Scheme Comparison – 2006-07



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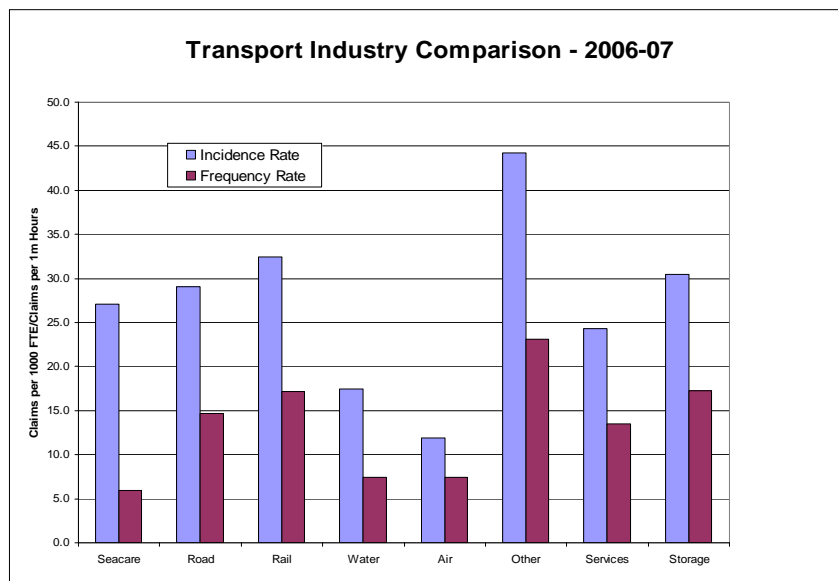
Seacare has highest Incidence Rate of any scheme but Frequency Rate is one of the lowest (reflecting the long average weekly hours worked in the industry). Unfair comparison as comparing an industry based scheme operating in a high risk industry with scheme that cover all industries (high and low risks).

Industry Comparison 2006-07



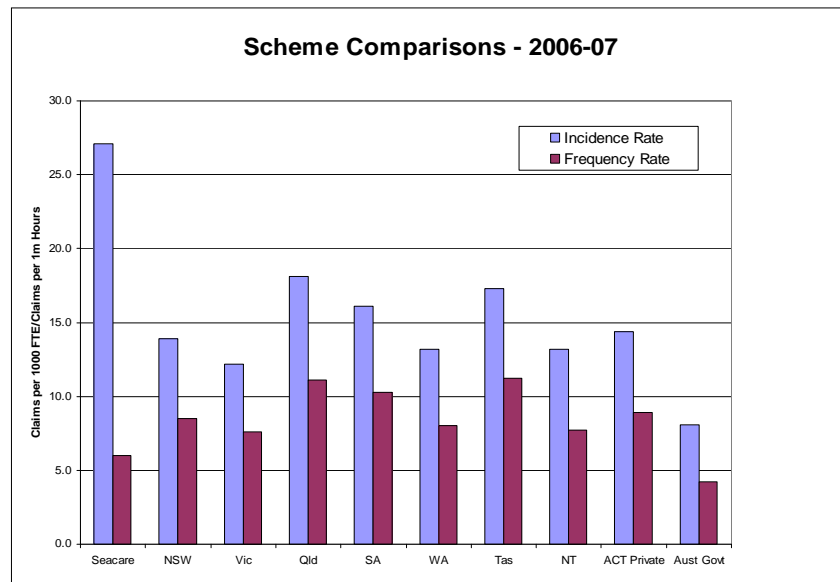
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Seacare scheme compares comparably with other high risk industries [and other transport industries] on Incidence Rates and more than favourably for Frequency Rates.



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How is Seacare scheme performing against various targets



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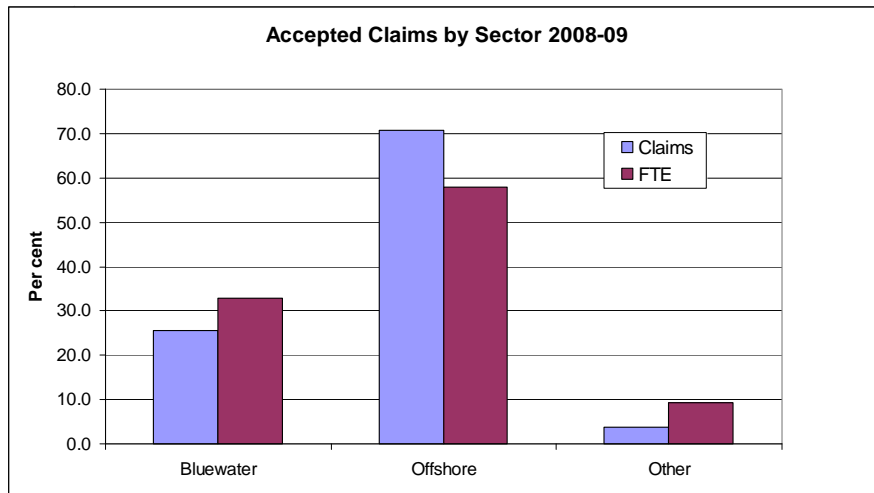
- **Safe Work Australia Targets** (red line and bars)

40% injury incidence reduction (40% over 10 years to 2012). Measure is incidence of injury and musculoskeletal disease resulting in 5 days or more incapacity, 2007-08 latest available but indications are that result for 2008-09 will be an increase to 26.4 per 1000. While results for 2007-08 show performance under target, preliminary data for 2008-09 indicates that target will just be achieved. If performance doesn't improve target will not be met in future. Target for 2009-10 is 25.0.

- **Seacare Authority Target** (blue line and bars)

40% reduction in injury and disease. Measure is injury and disease claims with one day or more incapacity. Results for 2008-09 show deterioration in performance and performance is now above target line. Target will be increasingly difficult to achieve in years ahead if safety performance doesn't improve dramatically. Target for 2009-10 is 27.1 (performance 2008-09 was 30.9), so there needs to be a 12.3% improvement to meet the target).

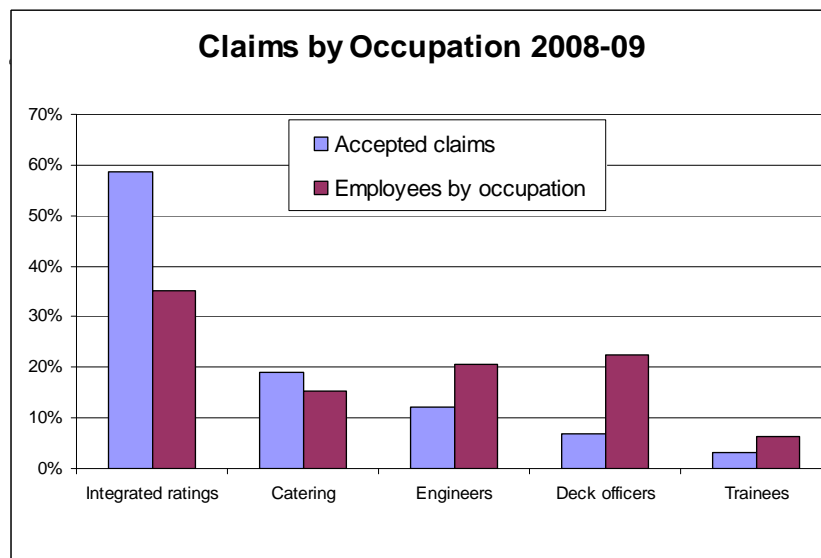
Accepted Claims by Sector 2008-09



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Shows claims and FTE by sector- Bluewater, Offshore and other (passenger and tourism, dredging, aquaculture). Offshore sector accounts for 70% of claims accepted yet less than 60% of FTE. Higher claim rate in Offshore sector is of concern as it is the largest growing sector of the jurisdiction (40% in 2004-05 to nearly 60% in 2008-09) and trend likely to continue.

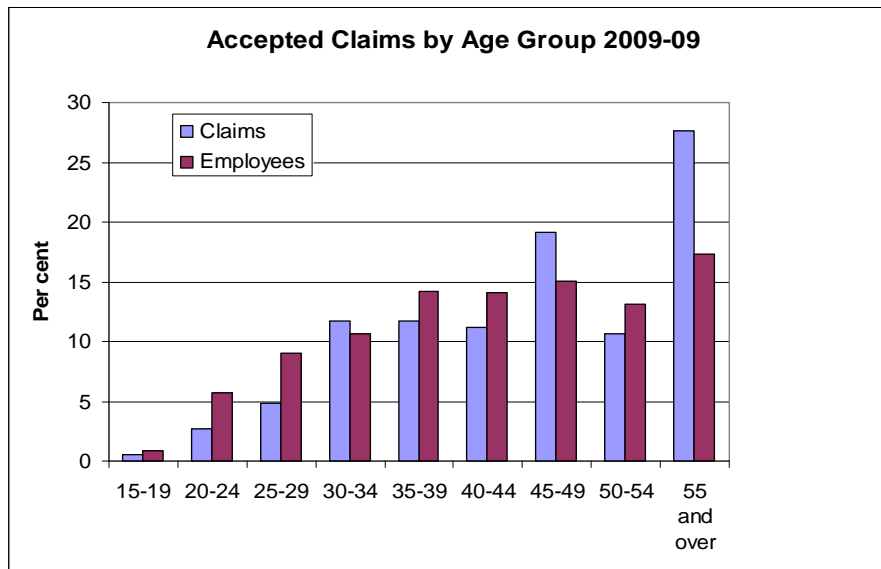
Claims by Occupation 2008-09



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Higher risk occupations show higher injury rates (Integrated ratings, catering).

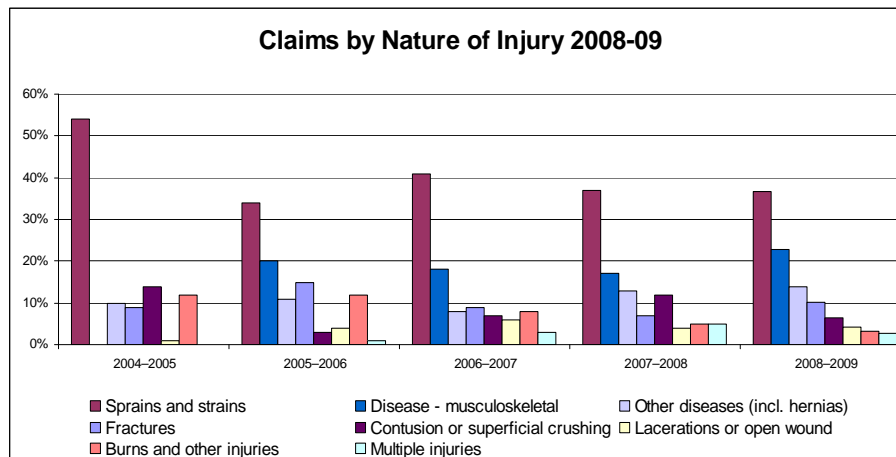
Accepted Claims by Age Group 2008-09



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Claim rate higher for older age groups but also shows the ageing nature of the seafaring workforce. 45% of the seafarers are aged 45 years and over and compared with 39% for the Australian workforce. Older seafarers have a higher claim rate, nearly 60 % of claims are from seafarers aged 45 and over, the claims incidence rate for the 55 plus age group is 46.6 claims per 1000 employees compared to 14.8 for the 20-29 year age group (more than 3 times greater). Higher claim rate is of concern as industry ages, also concern as older employees take longer to recover from injuries and require more time off work.

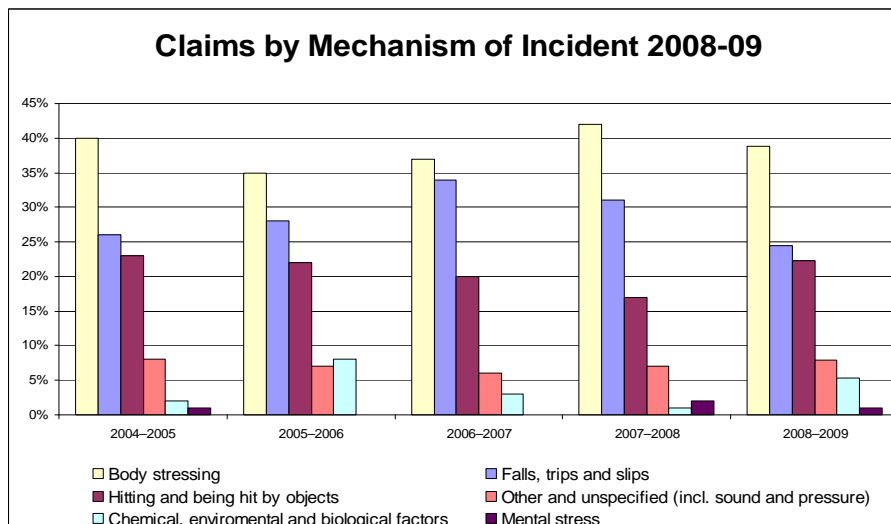
Claims by Nature of Injury 2008-09



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Three highest continue to be 'sprains and strains', 'musculoskeletal diseases' and other diseases (including hernias which are classified as a disease not an injury). (Musculoskeletal diseases include joint disease, spinal diseases, tenosynovitis, OSE).

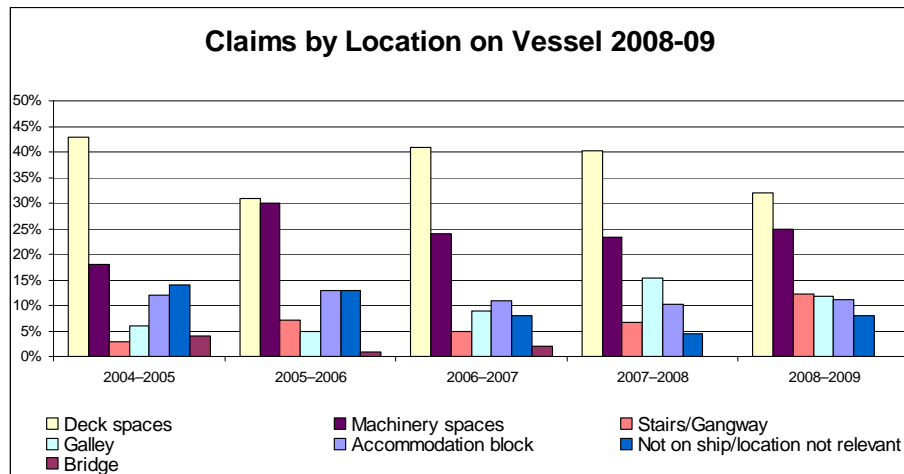
Claims by Mechanism of Incident 2008-09



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Three main causes of injury, 'body stressing', 'falls, trips and slips' and 'hitting or being hit by an object'.

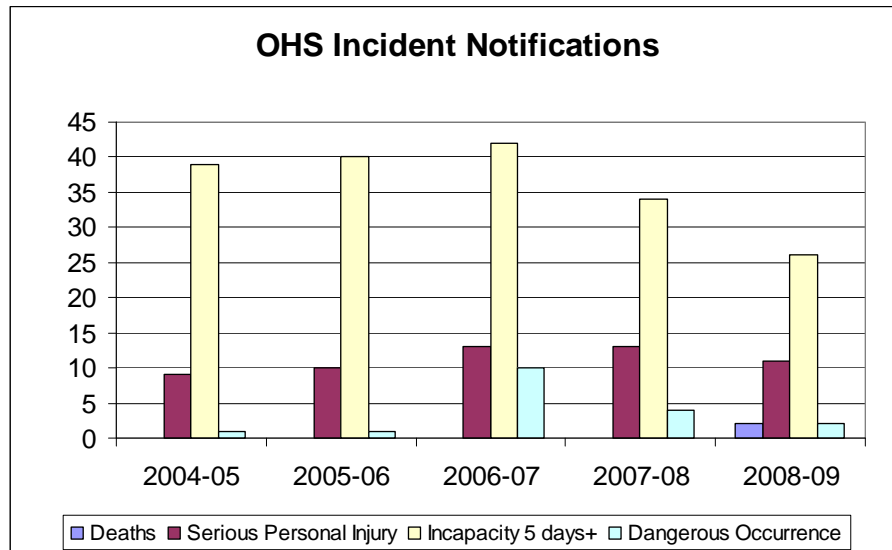
Claims by Location on Vessel 2008-09



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'Deck spaces', 'machinery spaces' are the most dangerous spaces on vessels.

OHS Incident Notifications



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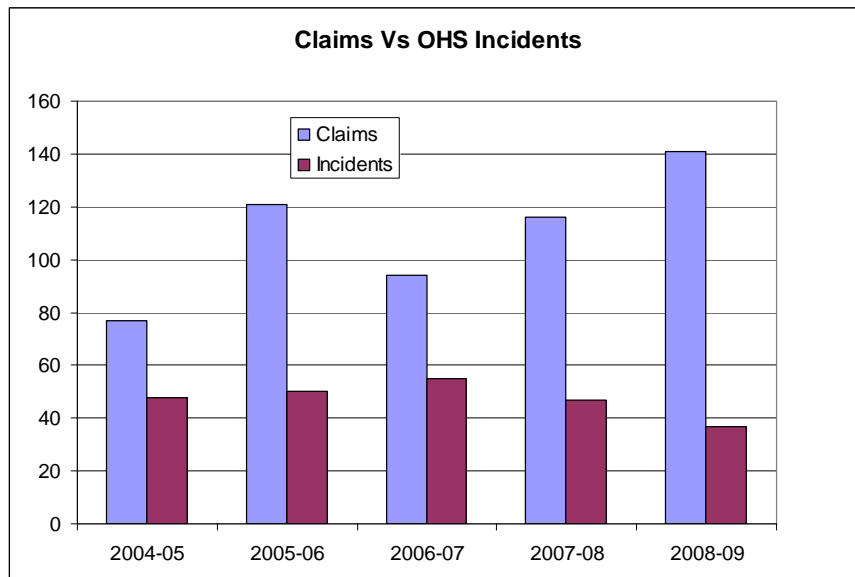
The OHS(MI) Act requires certain OHS incidents to be reported to AMSA.

- Accident that causes death or serious personal injury
- Accident that causes incapacity for period of 5 days or more
- Dangerous occurrence – incident that has potential to cause death, serious personal injury or incapacity for period of 5 days or more

Operators are required to give notice of an incident to AMSA within 4 hours and to submit a report within 72 hours.

Decline in incidents notified to AMSA in recent years, two possible explanations – vessels are getting safer or incidents are not being reported. Given the increase in claims one would expect that vessels are not getting safer and that under reporting is occurring. Particular in relation to dangerous occurrences where you would expect many more dangerous occurrences to occur than actual injuries, that is the situation in other OHS and WC schemes.

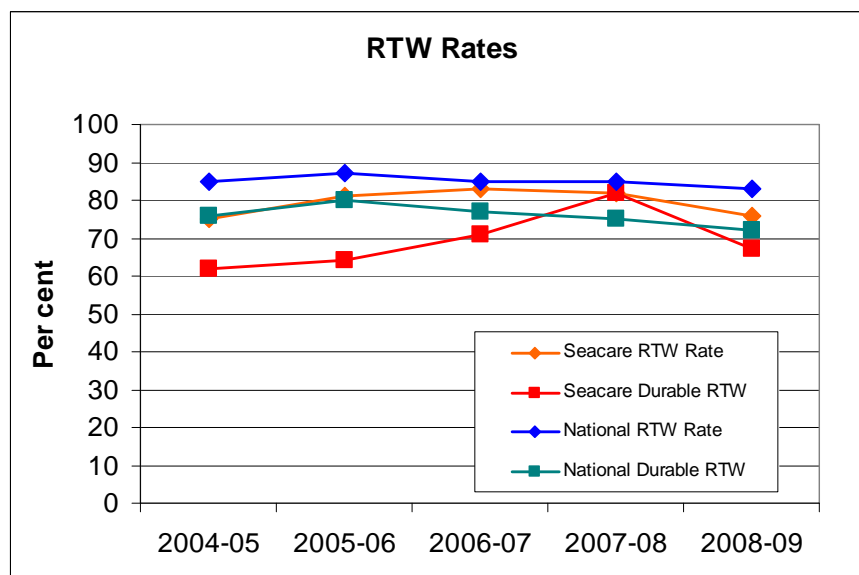
Claims vs OHS Incidents



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Level of under reporting is revealed by this graph, which shows claims against incident notifications. Illustrates a serious disconnect between the two even allowing for differences in definitions and time lags etc.

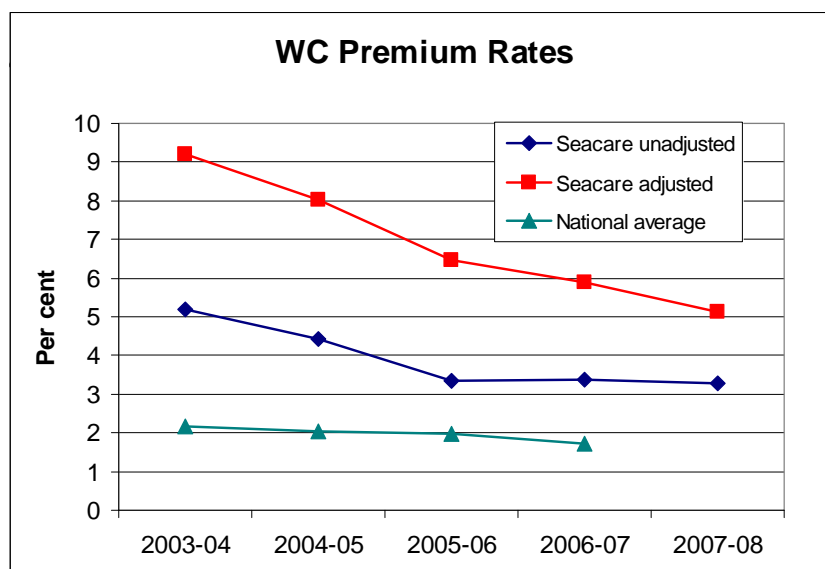
RTW Rates



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Seacare consistently below National rate, but understandable given the nature of the industry (availability of swings and fitness for duty requirements)

WC Premiums Rates



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Premium rates have declined in recent years but are high when compared to National benchmarks, possibly increasing in future given increase in incidence of claims. But not necessarily high when compared to Industry classification rates for transport industries in some State jurisdictions. Latest Seacare average unadjusted premium rate 3.27. Compared with 2008-09 NSW rates for Road freight transport 6.864%, rail transport 3.587%, and coastal water transport 3.371%. And Victorian 2009-10 rates for Interstate road freight transport 5.635, rail transport 1.68% and coastal water transport 3.10%.

To Sum up



Australian Government
Seafarers Safety, Rehabilitation
and Compensation Authority

To Sum up

- Three fatalities in the scheme in 2008-09 – after 14 fatality free years
- Increase in claims incidence in past two years, targets may not be achieved in future
- Claims incidence and frequency comparable to similar high-risk industries and transport sector
- Claims incidence higher in Offshore sector
- Claims incidence higher in older age groups
- 'Sprains and strains' and 'Musculoskeletal disease' remain most common nature of injury
- Deck and machinery spaces most common location on the vessel for an injury to occur
- OHS Incidents Notifications decreasing and indicate a level of under-reporting
- RTW Rates below National average
- Average Premium rates falling but well above National average

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