

# Estimating the cost of work-related injury and illness to the Australian economy



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# Background

- Industry Commission, *Work, Health and Safety*, September 1995
  - 75% of the costs of work-related incidents were indirect (lost productivity, lost income and quality of life).
- NOHSC (a predecessor to Safe Work) revisited the estimation process in 2004, enhancing the methodology by including additional estimates for indirect costs that were identified but not included in the Industry Commission study,
- Further estimates from the methodology have been released in 2008 (2005-06 financial year) and 2012 (2008-9 financial year),
- The methodology has been refined through the process

# Severity categories

<b>Category</b>	<b>Description</b>
Less than 5 days off work	A minor work-related injury or illness, involving less than 5 days absence from normal duties, where the worker was able to resume full duties.
Five days or more off work and return to work on full duties	A minor worker-related injury or illness, involving 5 or more days and less than 6 months off work, where the worker was able to resume full duties.
Five days or more off work and return to work on reduced duties or lower income	A work-related injury or illness, which results in the worker return to work on reduced duties, more than 6 months after first leaving work and over time resuming normal duties.
Permanently incapacitated with no return to work	A work-related injury or disease, which results in the individual being permanently unable to return to work.
Fatality	A work-related injury or disease, which results in death.

# Summary of economic cost estimates

Estimation period	Economic agent	Estimated economic cost (\$b)	GDP (\$b) <sup>a</sup>	Economic cost as % of GDP	Australian Workforce ('millions) <sup>b</sup>
2000-01	<b>Total</b>	<b>\$34.3</b>	<b>\$689.3</b>	<b>5.0%</b>	<b>9.09</b>
	Employer	7%			
	Workers	44%			
	Community	53%			
2005-06	<b>Total</b>	<b>\$57.5</b>	<b>\$967.5</b>	<b>5.9%</b>	<b>10.20</b>
	Employer	3%			
	Workers	49%			
	Community	47%			
2008-09	<b>Total</b>	<b>\$60.6</b>	<b>\$1 253.1</b>	<b>4.9%</b>	<b>10.93</b>
	Employer	5%			
	Workers	74%			
	Community	21%			

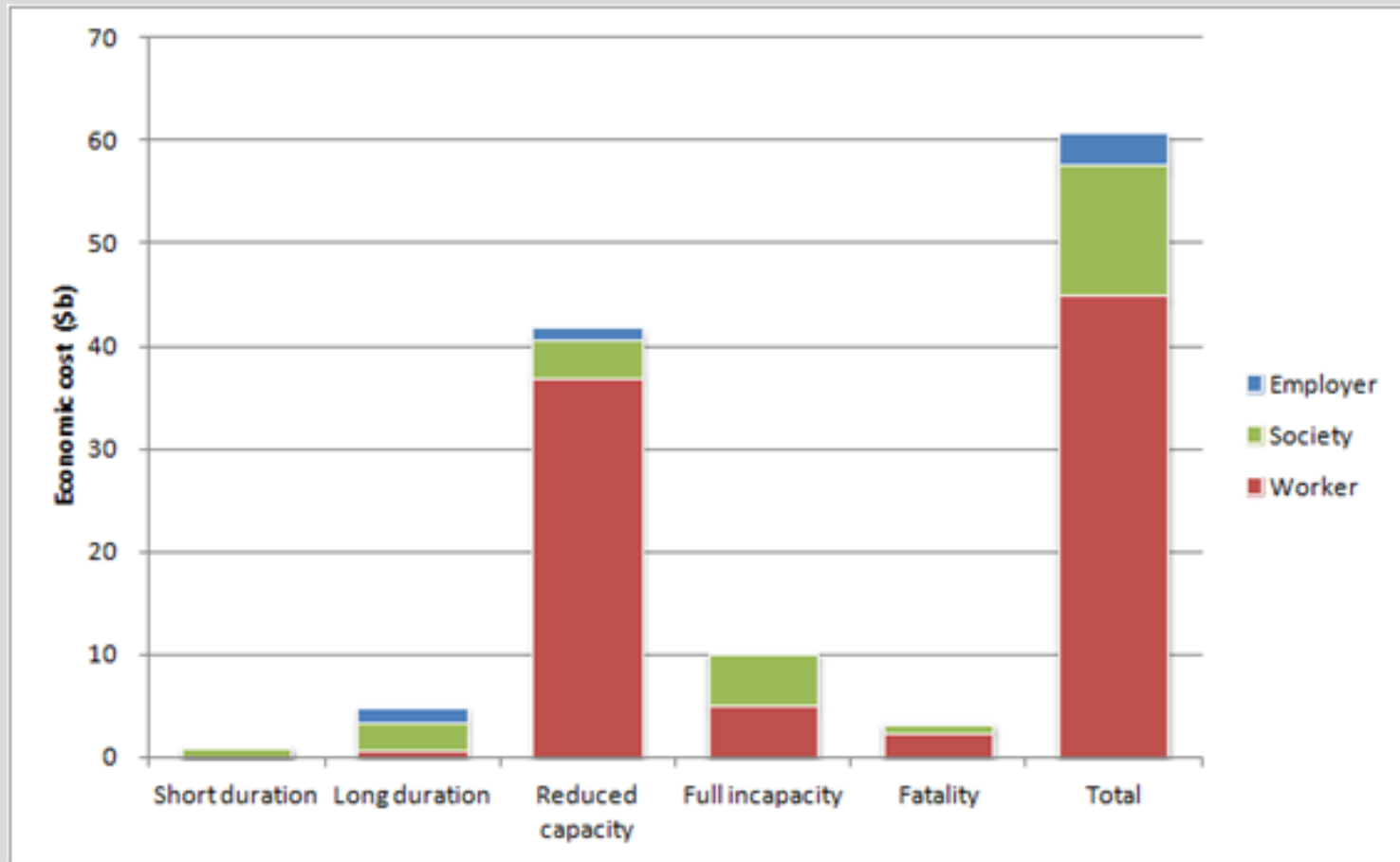
a ABS Catalogue 5204.0, Australian System of National Accounts, 2008-09.

b ABS Catalogue 6202.0, Labour Force Australia, May 2011.

# Economic cost estimate

Agent	Type	Short absence	Long absence	Partial incapacity	Full incapacity	Fatality	Overall cost
Employer	Injury	200	900	600	0*	0*	1 700
	Disease	0*	700	600	0*	100	1 400
	<b>Total</b>						<b>3 200</b>
Worker	Injury	0*	400	16 000	3 400	500	20 300
	Disease	0*	200	20 900	1 600	1 800	24 500
	<b>Total</b>						<b>44 900</b>
Community	Injury	600	2 000	2 100	3 700	300	8 700
	Disease	100	700	1 600	1 100	500	4 000
	<b>Total</b>						<b>12 700</b>
All	Injury	800	3 300	18 700	7 100	800	30 700
	Disease	100	1 600	23 100	2 800	2 400	29 900
	<b>Total</b>	<b>900</b>	<b>4 900</b>	<b>41 800</b>	<b>9 800</b>	<b>3 200</b>	<b>60 600</b>

# Distribution of total costs (\$b)



# Economic cost estimate

Type of incident	%	Short absence	Long absence	Partial incapacity	Full incapacity	Fatality	Overall cost
Injury	Incidents	65%	27%	8%	1%	0%	100%
	Costs	3%	11%	61%	23%	3%	100%
Disease	Incidents	30%	40%	27%	1%	1%	100%
	Costs	0%	5%	77%	9%	8%	100%
<b>Total</b>	<b>Incidents</b>	<b>55%</b>	<b>30%</b>	<b>13%</b>	<b>1%</b>	<b>0%</b>	<b>100%</b>
	<b>Costs</b>	<b>1%</b>	<b>8%</b>	<b>69%</b>	<b>16%</b>	<b>5%</b>	<b>100%</b>

Economic agent	Short absence	Long absence	Partial incapacity	Full incapacity	Fatality	Overall cost
Employer	22%	33%	3%	0%	3%	5%
Worker	0%	12%	88%	52%	72%	74%
Community	78%	55%	9%	48%	25%	21%

# Economic cost estimate

Industry division	Injury cost	Disease cost	Total cost	% of costs	% of incidents	% of workforce	Unit cost
Manufacturing	4 400	4 200	8 600	14%	16%	9%	85 900
Health & Community Services	3 300	3 700	7 000	11%	12%	11%	97 700
Construction	3 400	3 000	6 400	11%	9%	9%	110 600
Retail Trade	2 200	3 100	5 300	9%	8%	11%	115 200
Transport & Storage	2 500	2 200	4 700	8%	7%	5%	105 800
Property & Business Services	2 400	2 300	4 700	8%	11%	9%	71 700
Education	1 700	2 400	4 100	7%	6%	8%	103 700
Government Administration & Defence	1 600	1 800	3 400	6%	7%	10%	80 400
Personal & Other Services	1 400	1 500	2 900	5%	5%	4%	104 600
Wholesale Trade	1 700	900	2 600	4%	5%	4%	93 600
Accommodation, Cafes & Restaurants	1 300	1 100	2 400	4%	4%	7%	98 600
Agriculture, Forestry & Fishing	1 200	900	2 100	3%	3%	3%	126 100
Mining	1 100	700	1 800	3%	2%	2%	170 000
Cultural & Recreational Services	800	600	1 400	2%	2%	2%	106 100
Finance & Insurance	600	700	1 300	2%	1%	4%	157 100
Communication Services	500	600	1 100	2%	1%	2%	175 200
Electricity, Gas & Water Supply	600	400	1 000	2%	1%	1%	147 400
<b>Australia</b>	<b>30 700</b>	<b>29 900</b>	<b>60 600</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>99 100</b>





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# Australian Work Health and Safety Strategy 2012-2022



*Healthy, safe and productive working lives*

# Purpose



- To drive key national activities to improve work health and safety
- Aimed at national, state and local governments, regulators, industry, unions and other organisations which in turn will influence everyday work and workplaces across Australia

# 2022 Outcomes



- Reduced incidence of work-related death injury and illness achieved by
  - reduced exposure to hazards and risks using
    - improved hazard controls and supported by
      - an improved national work health and safety infrastructure



# National priorities



## Industries (broad sectors)

- agriculture
- transport
- manufacturing
- construction
- accommodation
- public administration
- health

## Work-related disorders

- musculoskeletal disorders
- mental disorders
- asthma
- cancer
- contact dermatitis
- noise-induced hearing loss



# *Healthy, safe and productive working lives*

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