

Pre-injury average weekly earnings fact sheet: Indexation

Overview

Indexation is a technique used to adjust workers compensation payments so that they keep up with inflation. The purpose of this fact sheet is to explain how a claim is indexed depending on the date of injury.

■ **NOTE:** This fact sheet does not apply to exempt categories of workers.

Indexation method from 21 October 2019: Applies to workers injured on or after 1 October 2012.

When is PIAWE indexed?

A worker's pre-injury average weekly earnings (PIAWE) is indexed on 1 April and 1 October each year.

What information does the agent require to apply indexation?

To apply indexation, an agent requires:

- The existing PIAWE amount.
- The current B/C* figure.

See Part 3, Division 6A of the *Workers Compensation Act 1987*.

How is indexation applied?

PIAWE should be multiplied by the B/C figure. If the result of this calculation is less than \$1,000, the amount should be rounded to the nearest whole \$1. If the result is greater than or equal to \$1,000, the result should be rounded to the nearest whole \$10.

Workers not in receipt of weekly payments

If a worker was not in receipt of weekly payments over one or more indexation review dates, and later became entitled to weekly payments, agents are to go back and apply the indexation process for all missed review dates from the date the worker first became entitled to weekly payments for that injury. This would normally be from the date of first incapacity.

Indexation method for all other claims: Review dates prior to 21 October 2019

When is PIAWE indexed?

A worker's PIAWE is indexed on 1 April and 1 October each year. Before 1 April and 1 October each year, the agent is to compare the worker's new indexed PIAWE with what the worker would be earning had they not been injured. Indexation does not take effect if it increases the worker's PIAWE to more than 100 per cent of the current ordinary earnings.

What does the agent require to apply indexation?

- The existing PIAWE amount.
- The current indexation factor – B/C*.
- The current ordinary earnings the worker would be earning, had they not been injured.

How is indexation applied?

1. Multiply the PIAWE by the current indexation factor.
2. If the result in step one is less than \$1,000, round the amount to the nearest whole \$1. If the amount in step one is greater than, or equal to, \$1,000, round the amount to the nearest whole \$10.
3. Compare this rounded figure to the current ordinary earnings (had the injury not occurred).
4. If the new rounded indexed PIAWE is greater than the current ordinary earnings figure, the indexation is not to take effect as it increases PIAWE to more than 100 per cent of current ordinary earnings.
5. If the new rounded indexed PIAWE is less than the current ordinary earnings figure, then indexation is to take effect.

Note, if a worker's current ordinary earnings are unknown, indexation is to be applied, so that the worker is not disadvantaged.

Workers not in receipt of weekly payments

If a worker was not in receipt of weekly payments over one or more indexation review dates, and later became entitled to weekly payments, agents are to go back and apply the indexation process for all missed review dates after 1 October 2012 from the date the worker first became entitled to weekly payments for that injury. This would normally be from the date of first incapacity.

Indexation of PIAWE including shift and overtime amounts during the first 52 weeks of entitlement

PIAWE cannot be indexed to a rate that is higher than the worker's ordinary earnings had the injury not occurred. When making the comparison, the indexed PIAWE is compared to the current ordinary earnings but for the injury, not the current ordinary earnings plus shift and overtime amounts.

This means, any indexed PIAWE that includes shift and overtime amounts will almost always be higher than the current ordinary earnings had the injury not occurred. For these workers, indexation will rarely be applied during the first 52 entitlement weeks.

Once the shift and overtime amounts are removed at 52 weeks (for workers with a date of injury before 26 October 2018), it will be necessary to apply the indexation process to the ordinary earnings component of the PIAWE for each of the indexation points before the removal of shift and overtime, to ensure the ordinary earnings component of PIAWE is brought up to date.

*As the indexation factor is made by an Order approved by SIRA, an agent is to refer to the amount in the Order. The current B/C figure is available in the latest Workers Compensation Benefits Guide on the [SIRA website](#).

Other useful information

- [PIAWE fact sheet: PIAWE overview](#)
- [PIAWE fact sheet: Agreements](#)
- [PIAWE fact sheet: Relevant earning period](#)
- [PIAWE fact sheet: Concurrent employment](#)
- [PIAWE fact sheet: Non-monetary benefits](#)
- [PIAWE fact sheet: Apprentices, trainees and young people](#)
- [PIAWE fact sheet: Alignment to pay cycle](#)
- [PIAWE fact sheet: Change in earning circumstances](#)
- [PIAWE fact sheet: Short-term workers](#)
- [PIAWE fact sheet: Unpaid leave](#)
- [SIRA's Workers Compensation Guidelines](#)
- [SIRA's Claims Management Guide](#)

Further assistance

For help with calculating PIAWE, please contact your agent or [icare](#).