

## SAPS Injury Management Practice Note

# Lump Sum Payment for Economic and Non-Economic Loss

### Objectives, Targets & Performance Indicators

Objective	Target	Performance Indicator
That Lump sum payments of economic and non-economic loss are appropriately assessed and paid	All SAPS agencies	Implemented procedure

### Purpose

To ensure consistent application of the provisions of the Return to Work (RTW) Act 2014 regarding the payment of lump sum payment for economic and non-economic loss.

### Context

The Act outlines lump sum payments for economic loss in Section 56 and permanent impairment (lump sum payment for non-economic loss) in Sections 57 & 58

If a worker other than a seriously injured worker suffers a work injury resulting in a permanent impairment as assessed under Part 2 Division 5, the worker is entitled to compensation for loss of future earning capacity by way of a lump sum payment	Section 56 (1)
An entitlement does not arise if: <ul style="list-style-type: none"><li>○ the worker's degree of whole person impairment from physical injury is less than 5%</li><li>○ in relation to a psychiatric injury or consequential mental harm</li><li>○ noise induced hearing loss</li></ul>	Section 56 (2)(3)
If a worker suffers two or more work injuries arising from the same trauma, the injuries may together be treated as one injury to the extent set out in the Impairment assessment guidelines.	Section 56 (5) Section 58 (6)
Where a worker has received a prior entitlement under this section and subsequently suffers an aggravation, acceleration, exacerbation or deterioration or recurrence of the injury or a new work injury there will be a reduction of the lump sum payable in respect of a second entitlement	Section 56 (6) Section 58 (7)
Only 1 claim may be made under this division for any impairment that results from 1 or more injuries arising from the same trauma.	Section 56 (8) Section 58 (9)
In no case can the lump sum exceed the prescribed sum adjusted by the age factor	Section 56(11)
Compensation is not payable after the death of the worker concerned	Section 56 (10) Section 58 (11)

If a worker suffers a work injury resulting in a permanent impairment the worker is entitled to compensation for non-economic loss by way of a lump sum payment	Section 58 (1)
An entitlement does not arise if: <ul style="list-style-type: none"> <li>○ the workers degree of whole person impairment from physical injury is less than 5%</li> <li>○ in relation to a psychiatric injury or consequential mental harm</li> </ul>	Section 58 (2)(3)
The lump sum payment will be an amount that represents a portion of the prescribed sum calculated in accordance with the regulations.	

**NOTE:**

The lump sum payment amount (i.e. whole person impairment scale, non-economic loss) under Section 58 of the Act is outlined in Schedule 1 of the Return to Work Regulations 2015

The economic loss payment amount is outlined in Schedule 7 of the RTW Act and the age factor is outlined in Schedule 6 of the Act

## SAPS Practice

### 1. Economic Loss

Entitlement for economic loss payment	NO entitlement for economic loss payment
Date of injury post 1 July 2015	Psychiatric injury
Whole person impairment 5%-29%	Consequential mental harm injury
	Noise induced hearing loss
	Serious injured worker
	Transitional /existing claim pre 1 July 2015
	If worker has died

#### Payment of economic loss

Only one payment can be made for any injury/s arising from the **same** trauma.

When calculating economic loss payment any prior economic payments must be deducted

The final sum amount should be rounded to the nearest whole dollar

#### Calculating economic loss entitlement

LS (Lump sum) = PS Prescribed sum X AF (age factor) X HWF (hours worked factor)

NOTE: the hours worked factor is based upon the number of hours being worked by the worker at the date of injury, expressed as fulltime work. (see table below)

Hours worked	Hours Worked Factor (HWF) as %
--------------	--------------------------------

Fulltime - 38 hours/ week (average 7.6 hours/day at 5 days/week)	100%
Part time – 30.4 hours/week (4 days /week)	80%
Part time – 22.8 hours/week (3 days /week)	60%
Part time – 15.2 hours/week (2 days /week)	40%
Part time – 7.6 hours/week (1 day /week)	20%

Example

45 year old worker; 15% WPI; works 2 days per week

**Calculation**

Lump Sum (Schedule 7, 15% = \$86,453) X 80% (Age factor schedule 6) X 40% (HWF)

Lump sum payment = \$27,665

**2. Non-Economic Loss**

Entitlement for permanent impairment	NO entitlement for permanent payment
Whole person impairment 5% or more	Psychiatric injury
	Consequential mental harm injury
	If worker has died

Payment of non-economic loss (Permanent impairment)

Only one payment can be made for any injury/s arising from the **same** trauma

When calculating non-economic loss payment any prior non-economic payments must be deducted

The final sum amount should be rounded to the nearest whole dollar