

LUMP SUM

ACCIDENT

COMPENSATION

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Human Resources
June 1983

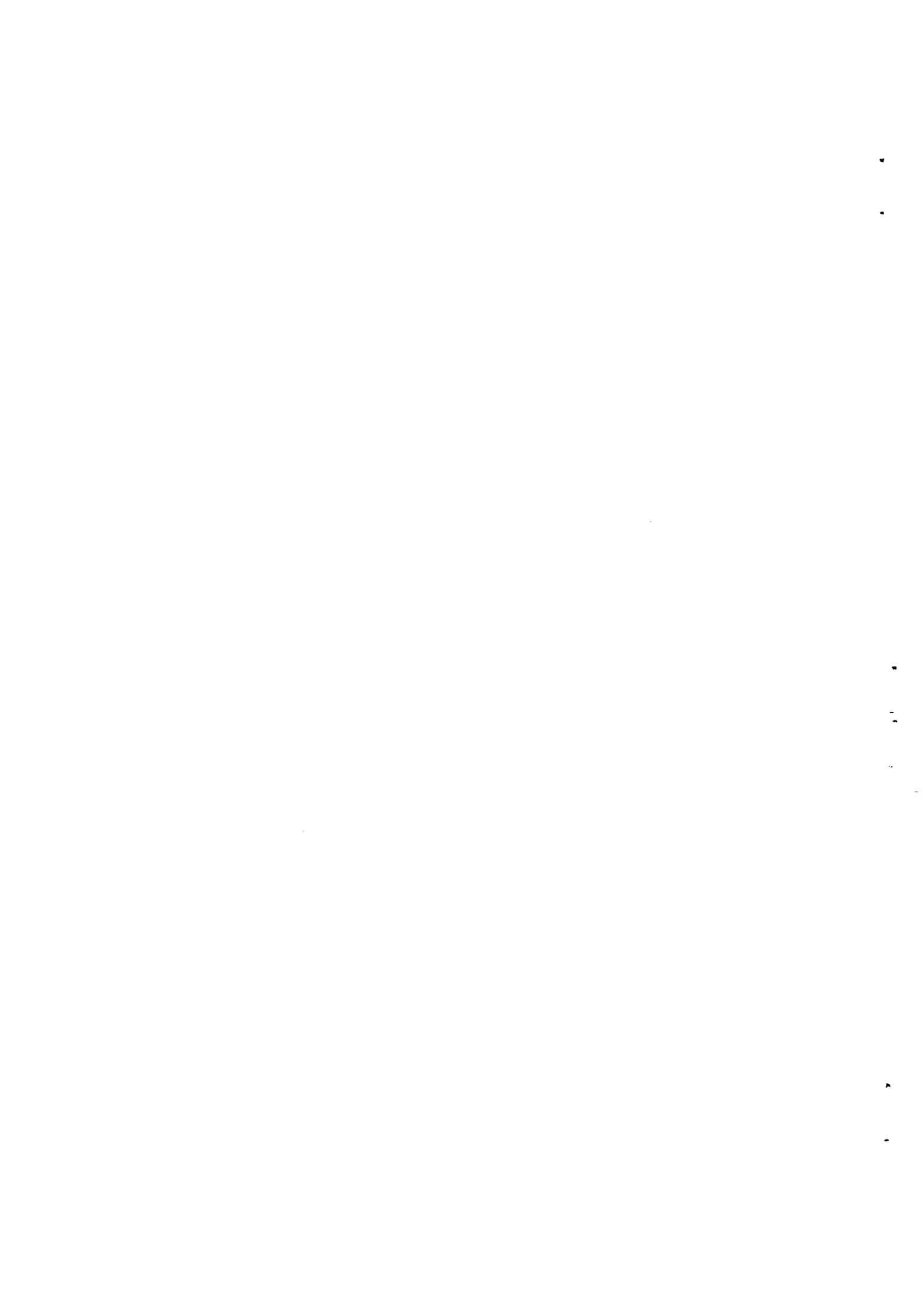
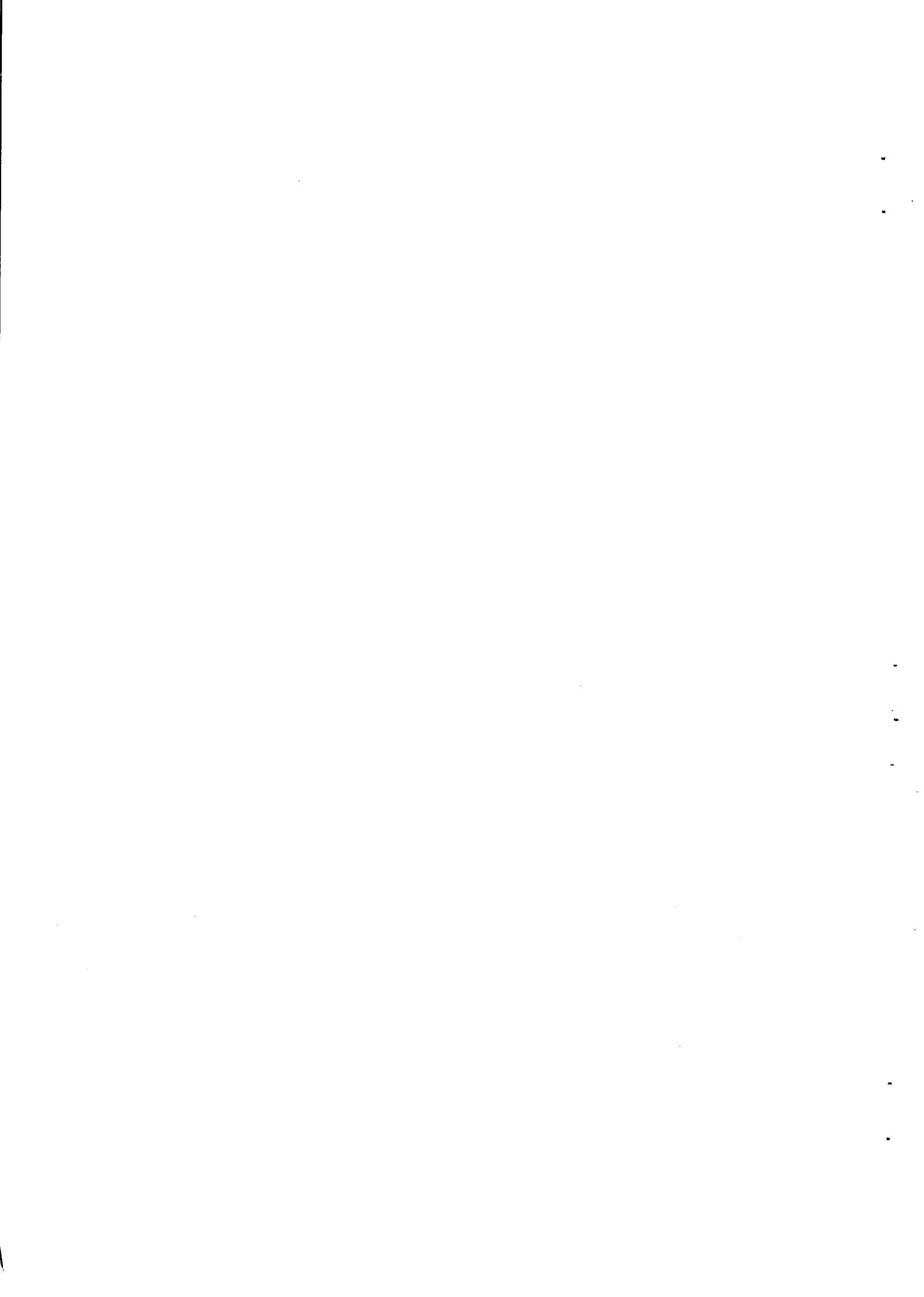


TABLE OF CONTENTS

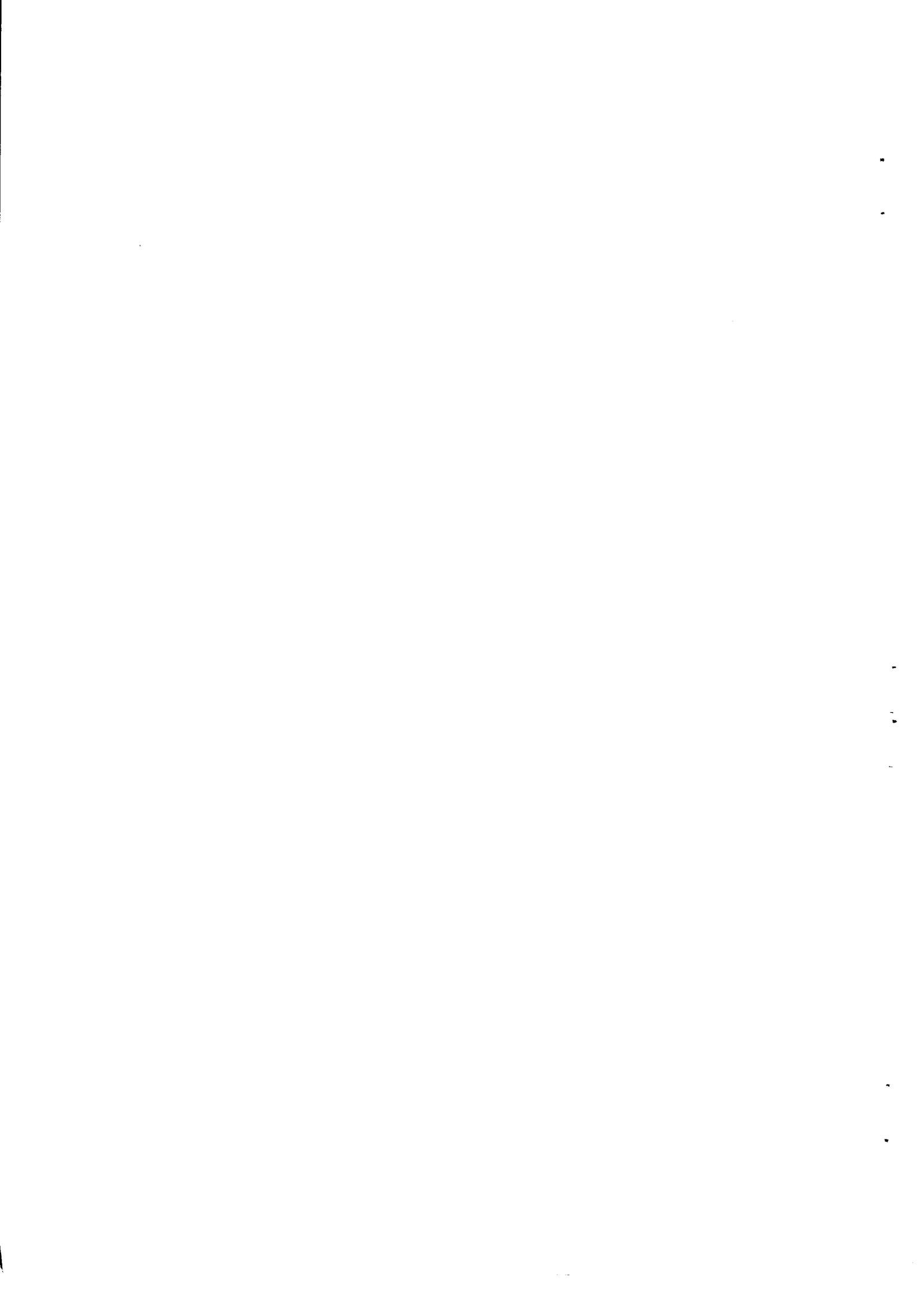
SUMMARY	(i)
INTRODUCTION	1
1 . METHOD	7
1 . 1 Sample Selection	8
1 . 2 Location of Recipients	13
1 . 3 The Interview Programme	15
2 . RESULTS	21
2 . 1 Response Rates, Representativeness and Reliability	23
2 . 1 . 1 "Totals"	23
2 . 1 . 2 Participation Rates	24
2 . 1 . 3 Representativeness of the Respondents	25
2 . 1 . 4 Other Matters	27
2 . 2 Survey Findings- Frequency Tables	34
2 . 2 . 1 The Accident and the Victim	35
2 . 2 . 2 The Legal Process and the Award	47
2 . 2 . 3 Use of the Award	59
2 . 2 . 4 Victims' Financial Circumstances	67
2 . 2 . 5 Opinions about the System	81
2 . 3 Survey Findings - Cross-tabulations	84
2 . 3 . 1 Satisfaction with the Award	84
2 . 3 . 2 Legal Representation and Advice	90
2 . 3 . 3 Other Respondent Decisions	93
2 . 3 . 4 Employment and Other Financial Matters	97
2 . 3 . 5 Financial Vulnerability and Security	108
2 . 4 Detailed Case Studies	128
2 . 5 Economic Analysis 1976-1983	155
3 . DISCUSSION	162
3 . 1 Introduction	163
3 . 2 The Long-term Adequacy of Lump Sum Awards	163
3 . 3 Respondents' Decisions and their Implications	171



3.4 Attitudes to the Award and to the Compensation Process.	173
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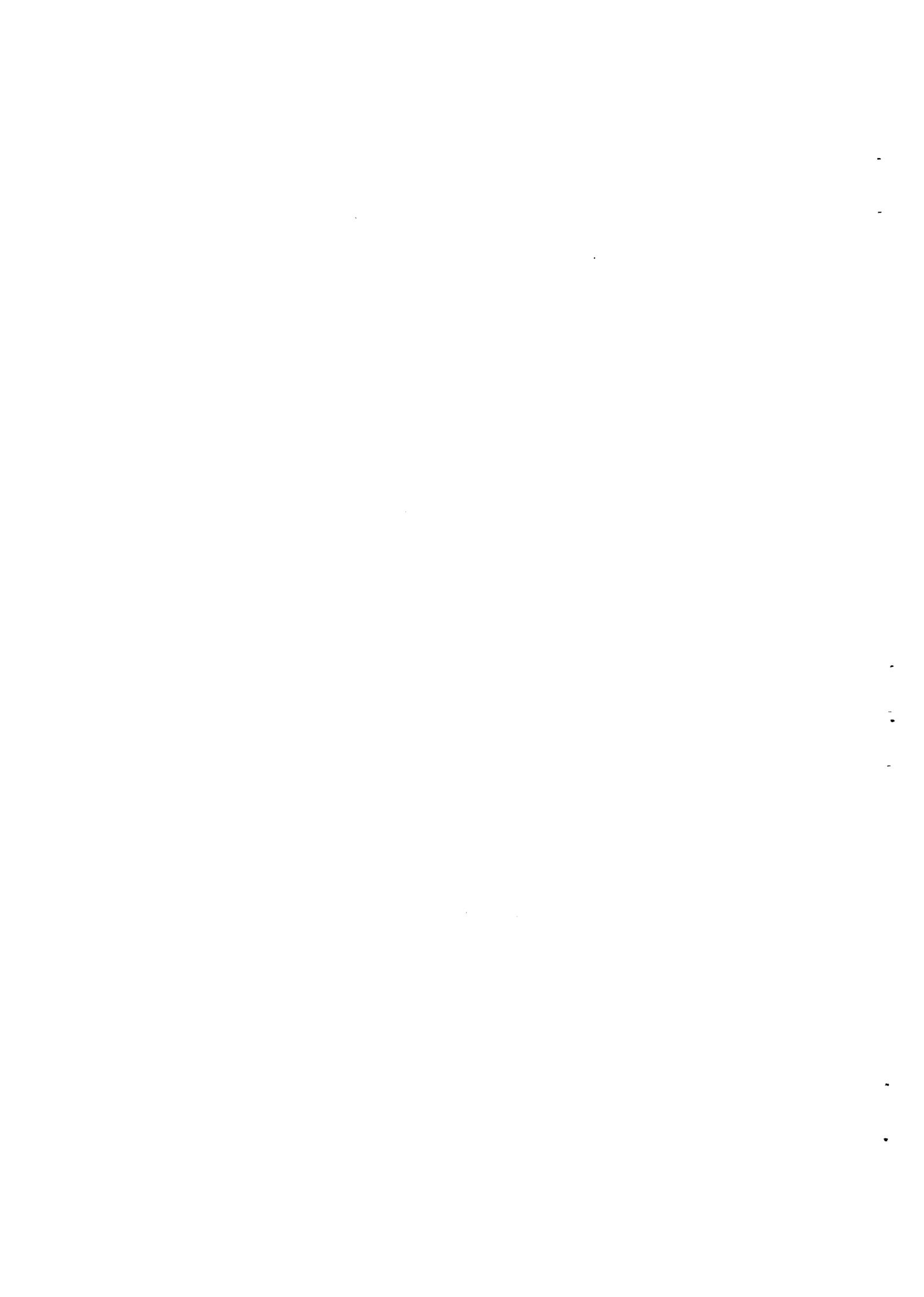
APPENDICES

A The Questionnaire	A1
B Detailed Tables relating to Use of the Award and to Comments on the System	A15
C Further Cross-Tabulation Tables	A22
D Case Summaries	A36



(i)

SUMMARY



The study involved a survey of 263 people who had received lump sum accident compensation in 1976. These included:-

- people who received common law damages in third party motor vehicle claims (26 recipients of "high" awards, 112 recipients of "medium-level" awards);
- people who received lump sum redemptions under the Workers' Compensation system (21 "high" redemptions, 93 "medium-level"); and
- 11 people who received "high" common law damages for industrial accidents.

Respondents were questioned about aspects of their employment and financial circumstances (both now and before the accident), about matters associated with the accident and the legal proceedings, and about their attitudes to the award received and to the compensation system generally. Qualitative as well as quantitative information was obtained, both from brief questionnaire interviews and longer personal visits. The researchers also carried out a brief economic analysis of a variety of investment programmes open to lump-sum recipients.

The current physical and financial circumstances of those who were interviewed varied widely. For a few whose injuries had proved to be less debilitating than had seemed likely in 1976, the award had been something of a windfall gain. There were others who, though seriously injured, had clearly succeeded in re-establishing themselves with a fair degree of security and comfort. Many respondents, however, were in a much more vulnerable position, and many expressed

concern about what the future held for them. It seemed that current financial security, or lack of it, often depended on factors not necessarily related in any direct way to the injuries or to the size of the award - for example, socio-economic status before the accident, the individual's business and work skills, personality, or family support.

Some respondents (particularly in the medium-level motor vehicle, or MVC, category) reported that there was nothing that the accident injuries now stopped them doing. On the other hand, half the recipients of high MVC awards could do nothing for themselves, and three-quarters could not work. Before the accident all or most respondents in all five award categories had been in employment. At the time of the survey, even with due allowance made for ageing, well over half were not working - again with the exception of the medium-level MVC group, who in general seemed to be the respondents least affected by the accident.

Incomes reported by those surveyed were in general low even by comparison with all income recipients in New South Wales. They were on average considerably lower than the incomes of current wage and salary earners. Some two thirds in each of the two Workers' Compensation groups, and one third in each of the other groups, were now on Social Security. Almost half of all those, surveyed were either on Social Security or, even if not, reported weekly incomes of under\$150.

While about half of all those surveyed had used some award moneys to buy or pay off a house, the survey results did not suggest that it was particularly common for a lump sum recipient to buy a house and then become dependent on Social

Security for income.

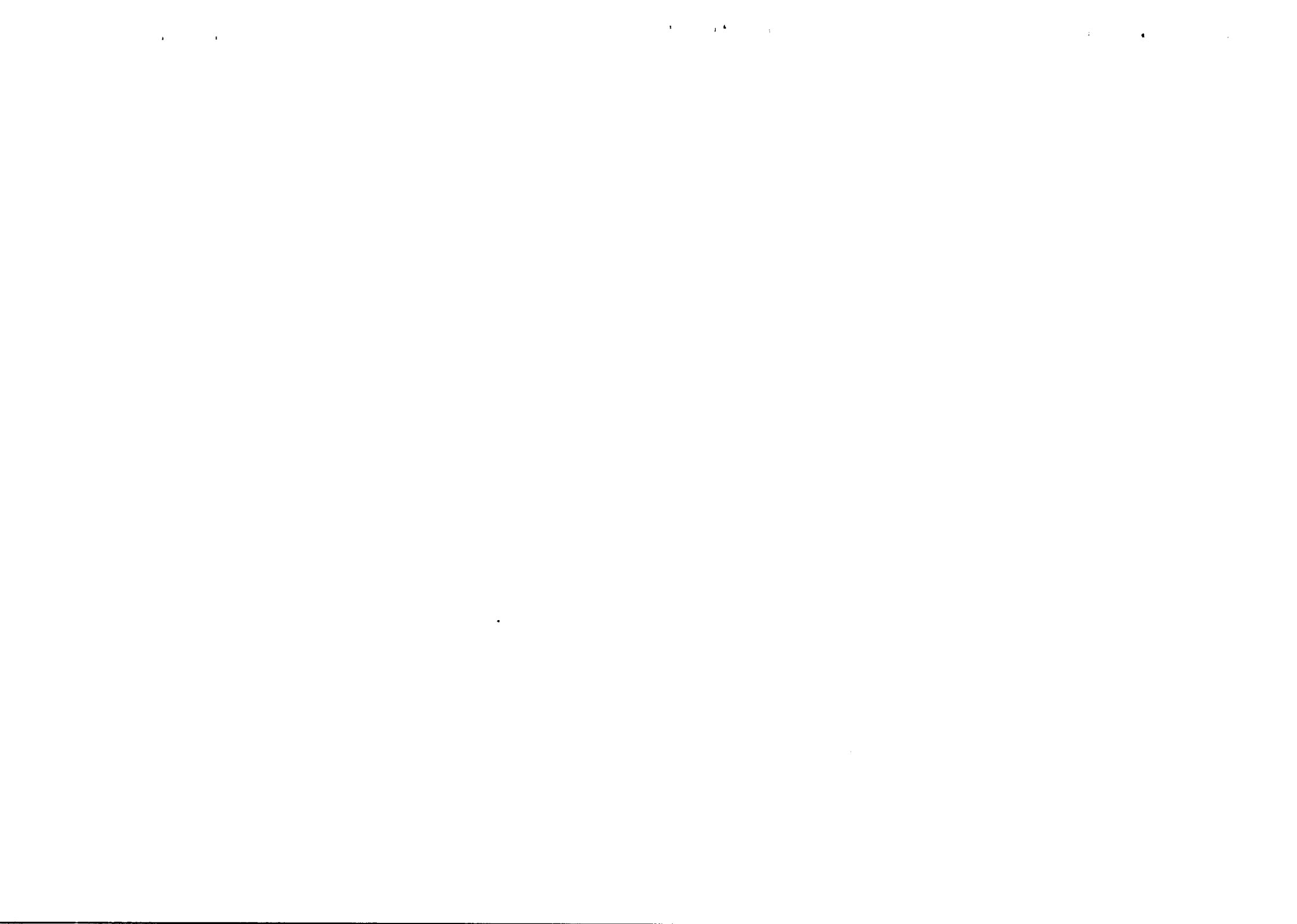
Predictably, given the variety of the respondents' circumstances, there was also some variety of opinion on whether the particular award was adequate. However, it was striking that in all five award categories the level of satisfaction with the award had dropped over the period 1976-83. The decline in satisfaction was most dramatic in the case of those who had received high MVC awards: whereas at the time some 70% had been satisfied with the award, only 15% were now satisfied. The corresponding figures for high WCC awards were 62% and 19%. Reasons commonly given for current dissatisfaction were inflation (especially among those who had received large awards), and the proposition that money could not compensate for the injuries received. Substantial majorities in all groups thought their award inadequate to compensate for future loss of income.

Analysis of certain economic indicators over the period 1976-83 confirmed that lump sum recipients would have needed to be either astute or lucky not to lose ground against inflation. Certainly inflation does appear to be one major problem, from the victim's viewpoint, with any attempt to determine compensation on a once-off basis. More detailed calculations suggested that there was, in general, some link between respondents' financial circumstances and their subjective levels of satisfaction.

About three respondents in ten said they were dissatisfied with the advice they had had from the lawyer representing them.

The system of lump-sum payments and the possible alternative of weekly compensation payments received about equal support among those interviewed. The comment most frequently made about the present compensation system was that accident victims needed more and better information to help them find their way through it. There were also complaints about delay. The survey revealed that many people, even in the high award categories, had not had any financial advice on management of the money they received; this was reflected in the fact that numbers of respondents suggested that more adequate investment advice was needed.

INTRODUCTION



This study was carried out by Colin Bass Human Resources for the Law Foundation of New South Wales. The Foundation initiated the study at the request of the New South Wales Law Reform Commission, which sought to obtain empirical information relevant to its current inquiry into the system of accident compensation in New South Wales.

In the United Kingdom in 1976, the Royal Commission on Civil Liability and Compensation for Personal Injury (the Pearson Inquiry) undertook a major survey which sought to gather comprehensive data on the incidence in the population of accidents of all kinds, and on the relevant experience of all kinds of accident victims. An undertaking of this kind, however, was far beyond the resources of either the Law Reform Commission or the Law Foundation.. Various possibilities for more modest research projects were discussed between representatives of the Commission and the Law Foundation. The Commission reached the conclusion that the most practical and useful approach would be a study of the experience of New South Wales accident victims who had in the past received some form of lump sum compensation. In the light of its terms of reference, the Commission was particularly interested in the general adequacy and effectiveness of payment of compensation in the form of a lump sum, and in such issues as the effects of inflation on such payments, and the manner in which recipients of lump sums managed or invested them.

The Commission wished to have data both on lump sum payments made pursuant to the common law compensation system, and on lump sum "redemptions" within the statutory Workers' Compensation system. In reading this Report, it should be kept in mind that the principles governing the assessment of common law damages, and those regulating lump sum redemptions, are quite different. Common law damages are intended to cover the plaintiff's past and future loss caused by the defendant's negligence. Damages include components for both

non-economic loss (for example, pain and suffering and loss of enjoyment of life) and economic loss (for example, past and future medical and hospital expenses and loss of earning capacity). Unlike the common law, which provides damages in a lump sum paid once-and-for-all, the Workers' Compensation system provides compensation in the form of periodic payments for workers injured in the course of employment. In addition medical and hospital expenses are paid, and workers who receive certain specified injuries are entitled to lump sum. However, under section 15, the Workers' Compensation Act allows the employer, with the consent of the worker to pay a lump sum to the worker in lieu of the whole or any part of the liability to make weekly payments, or to meet the worker's medical and related expenses. To protect the worker, such redemptions must be approved by the Workers' Compensation Commission. Redemption applications are scrutinised carefully, and approval is by no means automatic. Thus the recipients of lump sum redemptions who were included in this survey, consented to receive a lump sum in place of weekly payments and payment of the amount of the redemption was approved by the court.

After discussions with representatives of the Workers' Compensation Commission, and of the Government Insurance Office (which handles 98.3% of compulsory third party claims), it was decided that awards made during the calendar year 1976 would represent a suitable group for study; adequate records were available for these awards, yet 1976 was sufficiently long ago for the pattern of experience of the people concerned to have stabilized.

A decision was taken to interview groups of people who had received relatively large awards under each system, and also representatives of the considerably larger number who had

received "medium level" awards. At a later stage of the study it was decided to add to the survey a small number of people who had pursued common law remedies for industrial accidents.

This report sets out in detail the results obtained from questionnaire interviews with these various groups. It also includes ten descriptive "case studies" chosen to illustrate something of the wide variety of situations which the researchers encountered in the field. As explained below, these case studies are based on personal interviews conducted by the researchers. It was not possible for the researchers to obtain independent verification of all the information provided on injured people. Some of the facts contained in the case studies are those described to the researchers, rather than facts which have been independently checked. These case studies serve, among other things, to make the point that the nature of any compensation system available is only one of many factors which influence how well or badly a victim fares after a serious accident. Whether one is a bread-winner, whether one has job skills that are not affected by a physical handicap, whether one is financially comfortable to begin with, one's personality and the nature of one's relationships with family and friends - these and any number of other factors may bear on the subsequent condition and life-chances of the accident victim. Factors like these which relate to the individual rather than to the system, need to be borne in mind in connection with the statistical data discussed in this report.

It was appreciated from the outset that tracing the potential respondents to the survey, with nothing but 1976 information to go on, was likely to present great

difficulties. An earlier study of New South Wales Workers' Compensation cases carried out by Encel and Johnston in 1971, for example, reveals a response rate of 37%. In the present study a great deal of effort went into attempting to trace and interview as many as possible of those included in the five samples drawn from official records. Overall, approximately 65% of respondents were located, and approximately 55% participated in the study. In all the circumstances this must be seen as a good result. It must also however be said that, in combination with the relatively small total numbers involved in the survey, such a response rate means that some caution is required in generalising from these respondents to compensated accident victims as a whole. Issues of this kind are discussed in greater detail in section 2.1.

It should also be noted at the outset that the intention of the study was not to obtain a representative sample of all compensated accident victims in New South Wales. Many accidents cause relatively minor injuries, in respect of which the victims receive small awards or settlements. In such circumstances the experience of obtaining compensation is likely to have had relatively little impact on the lives of the people concerned. Cases of this nature were therefore not of prime interest to the Law Reform Commission at this stage. All the respondents included in the present survey - and particularly, of course, the recipients of the highest awards - were people who suffered injuries which were in some sense serious.

The results of the survey cannot be seen as any sort of opinion poll on the merits of one kind of compensation system in relation to another. Certainly it was not intended to solicit opinions in any simple way on a range of

* * see S. Encel & C.E. Johnston, Compensation and Rehabilitation, New South Wales University Press, Sydney, p. 15.

options such as those listed in the Law Reform Commission's Accident Compensation Issues Paper or its subsequent Working Paper on a Transport Accident Scheme for New South Wales.

what the survey was concerned with were the experiences and the situations of New South Wales people who had some years ago received, either at common law or through the Worker's Compensation Commission, a reasonably substantial lump sum payment. In line with the Commission's original requirements, the survey data provide a range of information relevant to how well these existing systems have met the needs of the respondents, and what sorts of attitudes the respondents have regarding their adequacy or otherwise. The survey questionnaires attempted to incorporate what might be called both objective and subjective indicators of satisfaction or dissatisfaction. That is to say, they sought both the respondents' own opinions about the system and the adequacy of their own awards, and also factual information on, in particular, the respondents' current financial circumstances.

The report does not seek to make specific policy recommendations about changes or modifications to the existing systems of compensation, nor to offer detailed suggestions about the desirable nature of any scheme which might in the future replace them. It confines itself in the main to such observations and conclusions as seem to emerge directly from the survey data, both quantitative and qualitative.

Section 1 of the report deals with the conduct of the survey, and section 2.1 with certain issues relating to the representativeness and reliability of the survey data. Sections 2.2 and 2.3 present and discuss in detail a statistical analysis of the survey results. Section 2.4 consists of the ten descriptive case studies mentioned

above, and section 2.5 is a treatment of some relevant economic questions for the period 1976-83. Section 3 provides a general discussion of issues arising out of the study.

Included in the Appendices are a copy of the questionnaire, a series of additional statistical tables .

SECTION 1 1

METHOD



1 . 1 SAMPLE SELECTION

It was initially intended that accident victims receiving either common law damages or Workers Compensation redemptions would be interviewed. The intention was to survey all high-level recipients for a given year (expected to total about 50 in each system), together with 120 medium-level award recipients in each category. Cases in which compensation was received in 1976 were chosen for study since this was the earliest year for which comprehensive records were available. Focussing on 1976 also allowed for a significant lapse of time since the award, so that longer-term effects could reasonably be assessed.

For 1976 the Government Insurance Office had available separate records of cases where the plaintiff had received compensation of \$100,000 or more. For the purposes of the study, these were defined as "high-level" awards in 3rd party motor vehicle cases (hereafter MVC). For 1976 such awards numbered 37. A file search of Workers Compensation Commission (WCC) records for 1976 redemptions identified forty-three accident victims awarded sums of \$40,000 or more*. \$40,000 was accordingly specified as the minimum figure for high-level WCC settlements for the purposes of this survey.

Because the recipients of high-level awards were rather fewer than originally expected, it was decided to supplement these groups by including a group of accident victims receiving substantial common law damages for industrial accidents (CL IND).. Basic information on these potential

* The relevant WCC records are in fact held by the Government Insurance Office in its capacity as administrator of the Insurers' Contribution Fund. The fashion in which the records are held makes it possible that a small number of relevant 1976 awards may not have been picked up

respondents was obtained by file searches of records from the Government Insurance Office, National Employers' Mutual and Manufacturers' Mutual Insurance companies, these being the three major workers compensation insurers at that time. A minimum award figure of \$40,000 was set.

Determination of the award range for medium-level MVC settlements and WCC redemptions was more complex. A file search of the Government Insurance Office third party MVC records indicated a highly positively skewed distribution (that is, a large number of relatively small awards). The mean settlement figure for 1976 was \$5,612.00. However, sums of this order appeared typically to have been received for injuries which were unlikely to influence the accident victim to a significant extent, e.g. minor burns, bruising, broken arms or legs. In cases of this kind the victim might not even recall the compensation case in any detail. The aim of this part of the survey was to interview victims who had sustained damage which might influence their lives in the long-term, without necessarily resulting in complete disability or disfigurement. Consideration of the records indicated that settlements for such injuries generally fell in the range of \$20,000 - \$35,000. Such awards totalled around 1100 in 1976, and represented approximately 8% of the total of 14,258 cases finalised that year. It was decided to draw from this range the medium-level MVC recipients to be included in the survey, and accordingly details of 182 cases were taken at random. From among these accident victims it was hoped to interview approximately 120.

In the case of WCC redemptions, it was found that awards of the order of \$35,000 tended to be made to accident victims sustaining more severe injuries than people receiving equivalent amounts as common law damages for motor vehicle accidents. This was to be expected, given that such redemptions (unlike common law damages awards) are not

intended to represent full compensation for all loss, both economic and non-economic, experienced by the accident victim. It was decided that a suitable medium-level WCC range could be set at between \$20,000 and \$30,000. (This also served to differentiate more clearly the medium-level and high-level settlements under the WCC system, the latter group having been defined as involving sums of \$40,000 or more.) A file search of WCC records relating to 1976 indicated, however, a relatively small number of redemptions in the range \$20,000 - \$30,000; a search similar to that carried out for the high-level WCC recipients produced 196 cases, details of which were noted.

In summary, relevant records were searched to identify:

- . All recipients of common law damages for motor vehicle injuries who received \$100,000 or more from cases finalised in 1976 (37 cases, of whom 26 were ultimately interviewed).
- . All recipients of WCC redemptions of \$40,000 or more, in 1976 (43 cases, of whom 21 were ultimately interviewed).
- . All recipients in 1976 of common law damages of \$40,000 or more for industrial accidents, traceable from the records of the three major insurers, the Government Insurance Office, Manufacturers' Mutual Insurance and National Employers' Mutual Insurance (20 cases, 11 interviewed).
- . A sample of recipients of medium-level compensation (\$20,000 to \$35,000) for motor vehicle injuries in 1976 (sample 182 cases, 112 interviewed).
- . All recipients of medium-level WCC redemptions (between \$20,000 and \$30,000) in 1976, traceable from Workers'

Compensation Commission records (196 cases, 93 interviewed).

For each case, details were obtained from the records of age, sex, date of accident, address at time of accident and in 1976, nature of weekly compensation payments where applicable, and the size of the award. One reason why this was done was to make it possible to assess the representativeness of those actually surveyed in relation to the original target groups.

Table 1 sets out details of the numbers originally available in each of the five compensation categories. It also presents, for each category, the numbers of award recipients who were successfully located and approached by the researchers, the numbers of recipients so contacted who refused to participate, in the study, and the numbers successfully surveyed.

In the case of the high-level awards, where the aim was to include all recipients on the record, the final number surveyed was lower than that hoped for (i.e. approximately 100 high-level respondents) due to difficulties in tracing recipients and in obtaining their consent for interview. It was hoped that the original medium-level groups would be large enough to enable the target of 120 interviews in each category to be met; again, however, the final numbers fell a little short of this.

Final response rates varied considerably among the five groups, ranging from 47% in the case of medium-level Workers Compensation redemptions, up to 70% for high motor vehicle accident awards. Taking all groups together, 65% of the original sample was contacted, and 55% successfully interviewed. Given all the difficulties involved, response rates of this order must be regarded as good in a survey of this kind - a point which is further discussed in section 2.1.

Table 1: Original Sample, Untraced Recipients, Refusals, and Recipients Surveyed.

		WCC* MED (\$20- \$30,000)	WCC* HIGH (\$40,000 OR (ORE	MVC** MED (\$20- \$35,000)	MVC** HIGH (\$100,000 OR MORE)	CL IND*** (\$40,000 OR MORE)
TOTAL						
Original Sample:	478	196	43	182	37	20
Not Trace-able:	166	80	11	60	9	6
Numbers Contacted:	312	116	32	122	28	14
Percentage of Original Sample Contacted:	(65.3%)	(59.2%)	(74.4%)	(67.0%)	(75.7%)	(70.0%)
Refusals	49	23	11	10	2	3
Numbers Surveyed	263	93	21	112	26	11
Percentage of Original Sample Surveyed	(55.0%)	(47.4%)	(48.8%)	(61.5%)	(70.3%)	(55.0%)

- * Workers Compensation Commission Redemptions
- ** Common Law Damages for Motor Vehicle Accidents
- *** Cannon Law Damages for Industrial Accidents

1 . 2 LOCATION OF RECIPIENTS

The degree of completeness of the file record on individual recipients significantly influenced success in tracing potential interviewees.

In the case of Government Insurance Office records, information was available on such items as full name, parents' names and addresses in the case of young accident victims, occupation, information on changes in lifestyle following the accident (for example, incidence of divorce, full names of children, details of problems in the family following the accident). This greatly assisted the tracing of individuals who had changed address since 1976.

In the case of Workers' Compensation redemptions, detailed individual files were not available, and the recipients of WCC redemptions were identified from records of the 1976 judgments of the Commission following filing of the Application for Determination. Detailed information on such matters as nationality, nature of injuries, family history, medical reports, and the history of the injured worker, was not included in these judgments. Thus no information was readily available beyond recipient's name, employer, state of weekly payments, redemption figure, and 1976 address. This information proved to be of little use in subsequent electoral roll searches in tracing female recipients who had divorced or remarried, male recipients whose full name was not given, or recipients whose names were spelled incorrectly.

Much effort went into the attempt to trace as many potential

interviewees as possible. Several steps were followed. First an attempt was made to locate the recipient through telephone searching. This proved to be more successful in country districts than in Sydney, and in cases where full information on the recipient's name or the names of close relatives was available from the record. Approximately 20% of people in the WCC categories, and approximately 40% of the CL IND and MVC victims, were located in this way.

Where a telephone search failed to locate potential interviewees, an electoral roll search was undertaken, using the 1981 State roll. In the case of high-level recipients, all electorates were searched. In the case of medium-level recipients, all Sydney electorates were searched for Sydney residents; for country residents the roll for the division of the 1976 address was searched. This process proved more successful in the case of common law damages recipients, principally because full names had been available, or names of parents or relatives who might still be living at or near the address given in 1976. In the case of WCC redemption recipients, such searches often either failed to identify the recipient, or else identified ten or more people with names identical with or similar to that of the recipient. In this latter case, attempts were made to visit the addresses listed, but the success rate of such visits following the search was less than 10%. A possible factor in the difficulty of tracing recipients of WCC redemptions via electoral roll search may be that many individuals are not in fact enrolled. Certainly holders of non-Australian passports who work in Australia would not be listed, and the WCC records appeared to indicate a higher percentage of names of non-Anglo-Saxon origin than was the case for the MVC sample.

1.3 THE INTERVIEW PROGRAMME

1.3.1 Procedures

Because of the confidential nature of the settlement agreements made between the Government Insurance Office and accident victims, letters were forwarded from the Government Insurance Office to potential interviewees, informing them of the survey and its purpose, and inviting them to contact the researchers to indicate whether or not they were willing to participate. (Only two recipients wrote or telephoned refusals to participate, while eleven communicated their interest in taking part. That is, most of those who were written to made no particular response at this stage.) Agreement on the wording of this letter, and approval subsequently to proceed with interviews, was obtained during discussions with the NSW Privacy Committee. In the case of MVC recipients, the introductory letter describing the survey and its aims was sent to the relevant 1976 address. Three weeks later, the programme to locate potential interviewees was initiated, and telephone calls and personal visits began.

In the case of the WCC redemptions, the Commission authorized the researchers to approach relevant accident victims direct, provided that all survey data were kept anonymous. Thus, as soon as WCC recipients were identified from the records, telephone contact was made or, in the case of those interviewees who were not on the telephone, personal visits were undertaken.

Potential interviewees in all categories who refused to discuss the matter over the telephone were visited in person. Those who then refused to discuss the matter were invited to contact the Law Reform Commission. They were contacted again three weeks later. A refusal on subsequent contact was accepted, and the person concerned was thanked

for taking time to consider participation in the survey. (The incidence of refusals in the five award categories is given in Table 1 above.)

A higher proportion of recipients of industrial awards (whether Workers' Compensation or common law) than of motor vehicle awards refused to participate in the survey. The WCC recipients appeared, as a group, to be somewhat more defensive about the nature of their present condition and the size of the award. It seems to be a feature of the Workers' Compensation system that some people worry about being thought to have "bludged" or "played the system"; some also seem to fear that their past compensation history may in some way count against them, should they ever need to claim again.

Where the recipient was willing to proceed, in the case of medium-level awards, a questionnaire was administered either by telephone, or in a personal interview. In the case of recipients of high-level awards, telephone contact was made or an initial visit undertaken to arrange an appointment for a personal visit and a longer interview. The basic questionnaire used in the relatively brief interviews with recipients of medium-level awards was replaced by a longer version for interviews with high-level recipients. Additional questions were asked and more qualitative information was obtained from the in-depth visits. The questionnaire is set out in Appendix A.

1 . 3 . 2 Proxy Responses

In certain cases a proxy was interviewed, for instance where the award recipient was dead, unable to discuss matters because of accident injuries, unable to speak English, or unavailable due to work, travel or the like. The incidence

of and reasons for the proxy response are summarised in Table 2 (a) . It can be seen that the most common proxy respondent was the spouse, typically the wife of a husband who was incapacitated, had died, or was away at work.

Table 2: The Proxy Response
 (a) Incidence of and Reasons for Proxy Response.

IDENTITY OF RESPONDENT	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Injured Party	68.4	63.4	81.0	67.9	80.8	63.6
Parent	7.2	1.1	0.0	12.5	11.5	9.1
Spouse	16.3	23.7	19.0	12.5	3.8	18.2
Other Close Relative	7.2	10.8	0.0	6.3	3.8	9.1
Official	0.8	1.1	0.0	0.9	0.0	0.0
Total Number	263	93	21	112	26	11

REASON FOR PROXY	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Language	20.5	29.4	0.0	16.7	0.0	25.0
Absent	42.2	32.4	50.0	58.3	0.0	25.0
Injuries Relating to Accident	10.8	5.9	25.0	2.8	66.6	25.0
Dead	26.5	32.4	25.0	22.2	33.4	25.0
Total Number of Proxy Respondents	83	34	4	4	6	4

Table 2: The Proxy Response
(b) Comparisons of Proxy/In-person Respondents

(i) Current Age Distribution of Injured Party

Respondent	Under 20	20-29	30-39	40-49	50-59	60 or over
Injured Person (N=180)	0.6	12.9	19.7	23.6	24.2	19.1
Proxy (N=83)	6.0	12.0	10.8	18.1	20.5	32.5
Total Number	6	34	44	57	61	61

A Chi square analysis indicated a significant interaction ($\chi^2=15.43$, $df=5$, $p<.01$) reflecting the higher incidence of a proxy response in the age groups under twenty and over sixty. This effect may be due to the deaths subsequent to the accident of the older age group, and the need to interview the parents of younger recipients who may have no memory of the legal procedures and incidents relating to the award.

(i i) Address of Injured Party

Respondent	Sydney Metropolitan	Elsewhere	Same as 1976	Changed
In Person (N=180)	46.1	53.9	37.1	62.9
Proxy (N=83)	43.4	56.6	42.2	57.8
Total Number	119	144	102	161

Chi square analyses indicated no significant differences between in-person and proxy respondents in relation to residence in Sydney as against other parts of New South Wales, or change of address since 1976.

(i i i) Sex of Injured Party

Respondent	Male	Female
In Person (N=180)	71.3	28.7
Proxy (N=83)	85.5	14.5
Total Number	200	63

Table 2 (b) (continued)

Chi square analysis indicated a significant interaction ($\chi^2 = 6.2$, $df=1$, $p<.05$). Among injured parties, males were more likely than females to be represented by a proxy.

(i v) Birthplace of Injured Party

Respondent	"Australian"	"1st Generation"	"Migrant"*
In Person (N=180)	80.3	1.1	18.5
Proxy (N=83)	66.3	3.6	30.1
Total Number	200	5	58

Chi square analysis indicated a significant interaction, $\chi^2 = 6.3$, $df=2$, $p<.05$) reflecting the higher incidence of Australians in the category of in person respondents, and a higher incidence of migrants for whom information was obtained by proxy.

The four parts of Table 2 (b) deal with the proxy response in relation to age, current location, sex and birthplace of the injured party.

Table 2(b)(i.) reveals a relatively high incidence of proxy response for respondents whose current age is under 20, or 60 or more. This squares with the fact that it may be the

* For the purposes of this and other calculations involving "Birthplace", the following definitions were used:

1. "Australian" - Born in Australia or another English-speaking country, with at least one parent so born.
2. "First Generation" - Born in Australia or another English-speaking country, but with both parents born elsewhere.
3. "Migrant" - Born elsewhere than in Australia or another English-speaking country.

parent of an injured child, rather than the child himself/herself, who is the best informant on circumstances surrounding accident and award, and with the fact that elderly recipients of 1976 awards may be frail or may even have died.

Table 2(b)(iii) shows that male accident victims were more likely to be represented by a proxy than were female victims. The commonest situation was that a wife was interviewed on behalf of an absent husband.

Table 2(b)(iv) shows a higher incidence of proxy response among "migrants" than among "Australians". This arose to a considerable degree from the need for children or other relatives to act as interpreters, or to directly answer questions, where the recipient lacked knowledge of English and/or the legal process with which s/he had been involved.

SECTION 2

RESULTS

The data obtained from the survey were of two types. Quantitative information was obtained from all five award groups using the basic questionnaire, and was tabulated and analysed statistically. These results are discussed in sections 2.1 - 2.3 below. Qualitative information was also obtained from longer personal interviews with recipients of high level awards. Ten illustrative cases, selected from these longer personal interviews are presented in detail in Section 2.4. Section 2.5 consists of a consideration of certain wider economic factors which might have been expected to affect the longer-term use and value of lump-sum awards.

2.1 RESPONSE RATES, REPRESENTATIVENESS AND RELIABILITY

As explained in detail in section 1 of the report, the compensated accident victims who were surveyed consisted of five separate groups or categories. These five groups were defined by the amount and nature of the lump sum payment the victim had received. The aim was to gather, from the participants in the survey, information which could legitimately be used to describe the experience of people in these five groupings, and which could also give some indication of the situation of recipients of high and medium-level lump sum compensation in general. This section of the report is concerned with several issues which relate to the reliability and generalizability of the survey results.

2.1.1 "Totals"

Throughout the report the survey data have been presented separately for the five groups. For convenience and clarity, the tables also include a "total" column which sums the results for all respondents taken together. It is important to note, however, that no undue emphasis should be placed on these "total" figures. They represent an arithmetic sum and nothing more; certainly the totals should not be interpreted as applying, say, to "all recipients of lump sum compensation". In each table it is essentially the responses in the five separate categories that should be considered, rather than the total. There are several reasons for this.

- (i) In the first place, the survey covers two quite separate compensation systems (statutory Workers' Compensation, and common law damages awards) which differ significantly from each other in a number of ways.

(ii) The participation rates in the survey vary significantly among the five award categories.

(iii) The survey categories do not, in any event, represent equal proportions of the total number of all lump sum compensation cases.

2 . 1 . 2 Participation Rates

There is no single answer to the question of what constitutes an acceptable response or participation rate in a social survey. How are the participation rates in the present case to be regarded?

There were several reasons for expecting that it would be very difficult to achieve high participation rates in this case. In the first place, the aim here was to interview specific individuals, rather than a representative sample of (for example), "householders in the northern suburbs". Only in the medium-level MVC group, and there only in a limited sense, was any substitution possible. Second, these specific individuals had to be traced, to wherever they might now be living in New South Wales, on the basis of information about them which was seven years old. Third, even when individuals had successfully been traced, refusals were to be expected because of the personal and possibly sensitive nature of the survey itself.

The participation rates which were achieved are set out in Table 1 in section 1 (see page 12). The table shows that the highest rates were achieved for the two MVC groups - 61.5% for the medium-level awards and 70.3% for the high awards. In both these groups the main reason for non-participation was inability to trace the victims. The refusals in both groups, once contact was made, were very few: 7% of the high-level group and 8% of the medium-level group. This

compares favourably even with general purpose surveys where a refusal rate of the order of 5% is considered to be normal.*

In both WCC groups the participation rate was just under half of the target group. In the medium-level group a large proportion (over 40%) could not be traced, and about 10% of the target group refused to take part. The high-level WCC group had a high refusal rate, with about 25% of the target group (34% of those contacted) declining to take part in the study. This pattern can be compared with that reported by Encel & Johnston** in their earlier study of Workers Compensation lump sum redemptions. That study was concerned with workers with a back injury who, in 1965-67, elected to receive a lump sum redemption which amounted to at least \$3,000. Excluding the 123 persons who were found to be living interstate or in distant country areas, 36.9% of the remaining 523 in the relevant target group were interviewed, 7.6% refused interviews and 55.4% could not be contacted. The present research thus compares favourably with the earlier study in this respect.

Just over half of the original 20 persons in the CL IND group were included in the final sample, with about 30% not traceable and 15% refusals.

2.1.3 Representativeness of the Respondents

How well can the people in each group who did complete the questionnaire be taken to represent the whole group in question?

* Gardner, Godfrey, Social Surveys for Social Planners, Holt, Rinehart & Winston. 1976 p.119.

** Encel, s. and Johnston, C.E., Compensation and Rehabilitation, New South Wales University Press.

The first point to make here is that in all cases except the medium-level MVC category, the target group to be surveyed was in fact the whole relevant "population" - that is, everybody who received an award of the relevant kind in 1976. In this survey, therefore, the general problem of "sampling error" (that is, the risk that the sample to be surveyed differs in some way from the relevant population) is of little significance. Nevertheless it may still be the case that, because of the different rates of traceability, refusal and eventual participation mentioned above, the people who were not interviewed are somehow different from the people who were.

The researchers had three relevant criteria available to them in an effort to address this issue - the sex of the accident victims, their age, and whether they lived in metropolitan Sydney or elsewhere in New South Wales. Relevant figures on these three points are set out in the various parts of Table 3, at the end of this section.

The proportion of males and females in each group interviewed was similar to the male/female proportions in the corresponding target group, so that a bias on the basis of sex can largely be discounted. Women did prove, however, somewhat harder to trace than men: as suggested in section 1, one obvious reason for this is that a number may have changed their marital status and their surname.

In the medium-level MVC group the age distribution of those interviewed was almost identical to the age distribution of the target group. In the other four categories, those interviewed tended to be slightly older than the target group, largely because it was the younger or middle-aged victims who proved most difficult to trace. Any bias in the survey results attributable to age, however, is likely to be only slight.

Of the three available criteria, current residence in Sydney or Elsewhere was the only one which made any real difference. In relation to all the target groups, Sydney people are under-represented and others over-represented, in the survey responses. A majority of the untraced victims in each group were Sydney residents. In the two MVC groups, where the refusal rates were low anyway, most of those who did refuse were country dwellers. On the other hand, in all three industrial groups the proportion of Sydney residents declining to take part in the survey was double that of the country residents.

In the judgment of the interviewers, Sydney people and those living Elsewhere did not differ from each other in any obvious way in relation to the major issues explored in the study - satisfaction with the award, experience of legal representation or understanding of the compensation system, for example. One factor which may be relevant, however, is that housing is on average much more expensive in Sydney than elsewhere in the State. People living outside Sydney may thus, as a group, have been more likely to be able to afford to buy a house while still retaining some part of their lump sum for investment. If anything, the survey results will therefore exaggerate the capacity of the victims to stretch their lump sum compensation over housing and other uses.

In summary, there are no particular grounds for thinking that those interviewed in the five award categories are not adequately representative of the target group in each case.

2.1.4 Other Matters

In general, rates of non-response to particular questions in the survey were fairly low, so that few problems arise on this score. Notably low responses were encountered, however, in certain predictable cases, such as the questions relating to current income and to how much of the award was left.

While the data available on income, for example, leave a lot to be desired, they are no worse than one might reasonably predict in a survey exercise of this kind. Some caution is obviously required in generalizing on these matters, however.

There were certain other topics which it would have been interesting to include in the questionnaire, but on which it would not have been reasonable to expect respondents to give reliable answers, because prodigious feats of memory and/or detailed knowledge of the compensation system would have been required. Even in relation to some of the matters which were included, and which are discussed in this report, it should be kept in mind that respondents were being asked to remember situations and events that had happened years before.

As explained in section 1.3.2 above, proxy respondents were interviewed in a number of cases. Sometimes this occurred because appropriate information could not be given by the injured party (too young, too old, sick, inadequate English). Thus data obtained from proxies were likely to be, if anything, more reliable than responses which could have been given by the victim personally. There were also cases in which proxies were interviewed where the victim was unavailable, for example because of work commitments. Here the proxy was typically the victim's wife; the interviewers found that normally she was familiar with details of the accident, the victim's financial circumstances and the compensation claim.

A final point worth noting is that in three of the categories (High WCC, High MVC and CL IND) the numbers of people involved - even in the target group - are very small. This needs to be kept in mind in interpreting the tables in sections 2.2 and 2.3. While no problem of representativeness arises, apparently large percentage differences, for example, may involve only a handful of people. The same sort of point may arise in particular bells of tables relating to the two larger groups.

Table 3: Representativeness: Characteristics of Survey Respondents in Comparison with Untraced Recipients and Refusals.

(i) Current Age

(a) Total

	UNDER 20	20-29	30-39	40-49	50-59	60 +
Untraced*	1 (0.6)	20 (12.0)	29 (17.5)	35 (21.5)	43 (25.9)	27 (16.3)
Refusals**	0 (0.0)	3 (6.1)	6 (12.2)	14 (28.6)	13 (26.5)	12 (24.5)
Surveyed	6 (2.3)	34 (12.9)	44 (16.9)	57 (21.8)	61 (23.2)	61 (23.4)
Total	7 (1.5)	57 (12.2)	79 (17.0)	106 (22.7)	117 (25.1)	100 (21.5)

Absolute numbers are given, with percentages in brackets below.

* 11 indeterminate

** 1 indeterminate

(b) WCC Medium-level

SAMPLE	UNDER 20	20-29	30-39	40-49	50-59	60 +
Untraced	0 (0.0)	2 (2.5)	7 (8.8)	25 (31.3)	31 (38.8)	15 (18.7)
Refusals	0 (0.0)	0 (0.0)	2 (8.7)	7 (30.4)	6 (26.1)	8 (34.8)
Surveyed	0 (0.0)	0 (0.0)	5 (5.4)	21 (22.6)	37 (39.8)	30 (32.2)
Total	0 (0.0)	2 (1.0)	14 (7.1)	53 (27.0)	74 (37.8)	53 (27.0)

(c) WCC High-level

	UNDER 20	20-29	30-39	40-49	50-59	60 +
Untracedl	0 (0.0)	0 (0.0)	0 (0.0)	5 (55.6)	4 (44.4)	0 (0.0)
Refusals	0 (0.0)	0 (0.0)	3 (27.3)	4 (36.4)	3 (27.3)	1 (9.0)
Surveyed	0 (0.0)	0 (0.0)	4 (19.0)	21 (57.6)	2 (9.5)	3 (14.3)
Total	0 (0.0)	0 (0.0)	7 (17.1)	21 (51.2)	9 (22.0)	4 (9.8)

f 2 indeterminate

(d) MVC Medium-level

	UNDER 20	20-29	30-39	40-49	50-59	60 +
Untraced*	1 (1.9)	12 (22.2)	19 (35.2)	5 (9.3)	5 (9.3)	12 (22.2)
Refusals	0 (0.0)	1 (10.0)	1 (10.0)	2 (20.0)	3 (30.0)	3 (30.0)
Surveyed	2 (1.8)	27 (24.1)	27 (24.1)	15 (13.4)	15 (13.4)	26 (23.2)
Total	3 (1.7)	40 (22.7)	47 (26.7)	22 (12.5)	23 (13.1)	41 (23.3)

* 6 indeterminate

(e) MVC High-level

	UNDER 20	20-29	30-39	40-49	50-59	60 +
Untraced	0 (0.0)	6 (66.7)	3 (33.3)	0 (0.0)	0 (0.0)	0 (0.0)
Refusals	0 (0.0)	2 (100.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
Surveyed	4 (15.4)	6 (23.1)	6 (23.1)	5 (19.2)	4 (15.4)	1 (3.8)
Total	4 (10.8)	14 (37.8)	9 (24.3)	5 (13.5)	4 (10.8)	1 (2.7)

(f) CL IND

	UNDER 20	20-29	30-39	40-49	50-59	60 +
Untraced#	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	3 (100.0)	0 (0.0)
Refusals##	0 (0.0)	0 (0.0)	0 (0.0)	1 (50.0)	1 (50.0)	0 (0.0)
Surveyed	0 (0.0)	1 (9.1)	2 (18.1)	4 (36.4)	3 (27.3)	1 (9.1)
Total	0 (0.0)	1 (6.3)	2 (12.5)	5 (31.3)	7 (43.8)	1 (6.3)

3 indeterminate

1 indeterminate

Table 3: Continued
(ii) Sex

		TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Ontraced	Male	116 (69.9)	63 (78.8)	11 (100.0)	33 (55.0)	5 (55.6)	4 (66.7)
	Female	50 (30.1)	17 (21.3)	0 (0.0)	27 (45.0)	4 (44.4)	2 (33.3)
Refusals	Male	40 (81.6)	20 (87.0)	10 (90.9)	6 (60.0)	1 (50.0)	3 (100.0)
	Female	9 (18.4)	3 (13.0)	1 (9.1)	4 (40.0)	1 (50.0)	0 (0.0)
Surveyed	Male	200 (76.0)	82 (88.2)	20 (95.2)	69 (61.6)	20 (76.9)	9 (81.8)
	Female	63 (24.0)	11 (11.8)	1 (4.8)	43 (38.4)	6 (23.1)	2 (18.2)
Total	Male	356 (74.5)	165 (84.2)	41 (95.3)	108 (59.3)	26 (70.3)	16 (80.0)
	Female	122 (25.5)	31 (15.8)	2 (4.7)	74 (40.7)	11 (29.7)	4 (20.0)

(i i i) Present Address

		TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Untraced	Sydney Metrop.	130 (78.3)	67 (83.8)	8 (72.7)	41 (68.3)	8 (88.9)	6 (100.0)
	Elsewhere	36 (21.7)	13 (16.3)	3 (27.3)	19 (31.7)	1 (11.1)	0 (0.0)
Refusals	Sydney Metrop.	27 (55.1)	17 (73.9)	6 (54.5)	2 (20.0)	0 (0.0)	2 (66.7)
	Elsewhere	22 (44.9)	6 (26.1)	5 (45.5)	8 (80.0)	2 (100.0)	1 (33.3)
Surveyed	Sydney Metrop.	119 (45.2)	53 (57.0)	5 (23.8)	45 (40.2)	11 (42.3)	5 (45.5)
	Elsewhere	144 (54.8)	40 (43.0)	16 (76.2)	67 (59.8)	15 (57.7)	6 (54.5)
Total	Sydney Metrop.	276 (57.7)	137 (69.9)	19 (44.2)	88 (48.4)	19 (51.4)	13 (65.0)
	Elsewhere	202 (42.3)	59 (30.1)	24 (55.8)	94 (51.6)	18 (48.6)	7 (35.0)

2.2 SURVEY FINDINGS - FREQUENCY TABLES

The five separate award categories are described in this section of the report in terms of some forty relevant variables. Frequency tables are presented for each variable, with separate figures for the five categories and also for the total*.

The information contained within these tables relates to five general areas of concern, and the tables have been grouped accordingly. A summary of the data pertaining to each general area is presented, in conjunction with the relevant tables.

Tables 4 - 16 describe features of the accident, including the nature and severity of the injuries sustained, and some principal characteristics of the victim (section 2.2.1).

Tables 17 - 27 present information relating to the legal process and the award, together with the recipient's satisfaction or otherwise with the process and with the award (section 2.2.2).

Tables 28 - 33 are concerned with the uses to which the award has been put, any financial advice received, and the nature and extent of continuing expenses resulting from the accident (section 2.2.3).

Tables 34 - 42 describe the respondents' current employment and financial situation as well as some aspects of their financial position in the period between the accident and the award (section 2.2.4).

Table 43 summarises comments made on the compensation system and on problems experienced by accident victims (section 2.2.5).

* As to the "total" figures, see the discussion in section 2.1.1.

2.2.1 The Accident and the Victim

Relevant figures are presented in Tables 4 - 16, and the principal findings are summarised below.

Date of Accident:

As far as the date of the relevant accident was concerned, there was a clear difference between the medium-level MVC cases and the other categories. About half the medium-level MVC accidents had occurred in 1974, and a further 20% in 1975. The dates of relevant accidents tended to be earlier in the other four groups. In the high MVC category, for example, nearly half the accidents had occurred before 1973. In the two Workers' Compensation categories, something like a quarter had happened in the 1960's or even the 1950's; clearly the availability of a system of weekly compensation payments is a relevant factor here. It should also be noted that common law actions involving more severe injuries may frequently involve a need to wait for stabilization of medical conditions (Table 4).

Injuries and Hospital Treatment

Predictably, the most severe injuries were incurred by recipients of MVC awards of \$100,000 or more. Almost half of this group suffered injuries resulting in quadriplegia or paraplegia. WCC data were striking for the high incidence of "other back" injuries, these involving muscular and more commonly spinal injuries, associated with spinal fusions. Between two-thirds and three-quarters of respondents redeeming WGC payments reported such injuries. The high incidence of head and brain injuries in the MVC groups is notable (28% in the medium-level group, 39% in the high), and among

high-level recipients resulted, in some cases, in the placement of funds with Trustees. (Table 6)

Some differences in nature or severity of injuries between industrial and motor vehicle accident victims are also suggested by data relating to attendance at hospital, after the accident. Almost one quarter of the medium-level WCC sample was not hospitalized at all, or else attended hospital only as out-patients. Virtually all the MVC victims, on the other hand, were treated as inpatients immediately after the accident. Duration of hospitalization or hospital treatment was markedly shorter in the WCC and CL IND groups (although caution is needed in interpreting the data from the CL IND group in particular, in view of the small numbers involved). Around a third of both WCC samples had less than four weeks of hospital treatment in connection with their injuries. Less than 10% of the high-level MVC group, and less than 20% of the medium-level MVC group, were treated for as brief a period as this. Conversely, few of the WCC recipients spent longer than six months in hospital, whereas nearly a third of the medium-level MVC recipients and over 60% of the high-level MVC recipients were hospitalized for this period of time or longer. (Tables 7 and 8)

Rehabilitation

Use or non-use of rehabilitation facilities tended to vary as between medium-level and high-level awards rather than as between industrial and road accidents, being more common in the case of the higher awards. Where such facilities were not used, the explanations most commonly given were that rehabilitation was not necessary or was judged unlikely to be useful. Table 11

shows that the degree of satisfaction with rehabilitation, where used, differed substantially between the motor vehicle accident groups and the industrial groups, with a much more positive attitude being expressed by MVC recipients than by WCC or CL IND respondents. (Tables 9 , 10 , 11) .

Disabilities

- . Some permanent disability was suffered by roughly nine out of ten respondents in all groups. It should be noted that a permanent disability might or might not be of a serious nature: for example, the loss of a finger is a permanent disability, but may have no substantial effect on the victim's life. (Table 12)
- . The extent to which living and working had been affected by the accident varied significantly within the five groups. Disablement was most severe among high-level MVC recipients, half of this group being prevented from carrying out any work or self-care, and a further 23% being unable to do any paid work. Over half the high-level WCC and CL IND groups reported that they were now unable to do any paid work. By contrast, nearly 2 out of 5 of the medium-level MVC victims said that there was nothing that the accident now stopped them doing. It is also interesting, however, that a few respondents in each of the three high-level groups said that there was nothing they were prevented from doing. (Table 13)

Characteristics of the Victim

Details relating to the current age of the respondents, their sex, and whether they lived in Sydney or elsewhere in New South Wales, are set out in the various parts of Table

3, in section 2.1 of the report.

- . Table 3 (i) shows that a wide range of current ages was encountered among the survey respondents, though there were altogether only 6 victims who were now aged under 20. Both MVC categories, had a generally younger age profile than the three industrial categories. In the medium-level WCC group, more than 70% of respondents were aged 50 or over.
- . Males easily outnumbered females in all five categories of award, but the dominance of males was greatest in the two Workers' Compensation categories. Some 38% of the medium-level MVC group were female, as were 23% of the high MVC group. (Table 3(ii))
- . Table 3 (i i i) reveals that of all the people interviewed, just under half lived in metropolitan Sydney and just over half lived elsewhere in New South Wales*. The proportion of Sydney residents was greatest in the medium-level WCC group (57%) but least in the high-level WCC group (only 24%).
- . The proportion of "Australian"-born respondents (for definitions see footnote to Table 14) was roughly constant at 70% - 80% in both WCC and in both MVC categories. In the CLi IND group, 7 out of the 11 respondents were "Australian". (Table 14)
- . The age of the victim at the time of the accident varied among the different award categories. Those injured in industrial accidents were naturally all of working age, though as a group the medium-level WCC award recipients were substantially older than those who received high-level awards. Some 40% of the high-

*Principally in regional centres such as Wollongong, Newcastle, Lismore, Griffith and Wagga Wagga.

level MVC awards, by contrast, went to victims who were aged under 20 at the time of the accident. The medium-level MVC recipients displayed quite a wide age range, including a number of elderly people as well as some children. (Table 15)

All WCC and CL IND recipients were in employment at the time of the accident, almost all as labourers or tradesmen. By contrast, approximately one quarter of MVC victims in both high and medium-level groups were not in employment at the time of the accident - partly a reflection of the wider age range in these groups, with a larger number of victims below working age. A second difference between the industrial and motor accident groups relates to the occupation of those victims who were working at the time. Both MVC groups included a much higher percentage of clerical and managerial/ professional personnel. (Table 16)

Table 4: Date of Accident: Percentages*

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
1950's	1.1	2.1	4.8	0.0	0.0	0.0
1960's	10.3	20.4	23.8	0.0	7.7	9.1
1970-72	22.8	32.3	38.1	8.0	38.5	27.3
1973	20.2	21.5	14.3	19.6	23.1	18.2
1974	30.8	12.9	19.0	50.9	23.1	18.2
1975	13.7	8.6	0.0	20.5	7.7	27.3
1976	0.4	1.1	0.0	0.0	0.0	0.0
Unknown	0.8	1.1	0.0	0.0	0.0	0.0
Total Number	263	93	21	112	26	11

* In this section, the Tables are normally set out in such a way that the percentage figures add to 100.0 in each column (Total and five sub-groups). The absolute number of respondents in each group appears as the final line of the Table.

Table 6 : Nature of Injuries: Percentages

	TOTAL SAMPLE	WCC MED,	WCC HIGH	MVC MED	MVC HIGH	CL IND
Paraplegic	2.3	0.0	0.0	0.0	23.1	0.0
Quadriplegic	2.3	0.0	0.0	0.0	23.1	0.0
Other Back	45.2	75.3	66.7	27.7	0.0	36.4
Head & Brain	17.9	1.1	19.0	27.7	38.5	9.1
Other Internal and/or External	32.3	23.7	14.3	44.6	15.4	54.5
Total Number	263	93	21	112	26	11

Table 7 : Attendance at Hospital after Accident: Percentages

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
None	4.6	12.9	0.0	0.0	0.0	0.0
Outpatient/ Immediate	4.2	6.5	0.0	2.7	3.8	9.1
Outpatient/ Later	2.3	4.3	4.8	0.0	0.0	0.0
Inpatient/ Immediate	60.5	26.9	47.6	83.9	88.5	72.7
Inpatient/ Later	23.2	49.5	47.6	2.1	0.0	18.8
No Response	4.9	0.0	0.0	9.8	7.7	0.0
Total Number	263	93	21	112	26	11

Table 8: Total Period of Hospitalization or Hospital Treatment: Percentages

DURATION IN DAYS	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Less than 14 days	12.2	18.3	4.8	8.0	3.8	9.1
14-27	16.3	14.0	28.6	10.7	3.8	54.5
28-59	23.2	25.8	14.3	15.2	3.8	18.2
60-89	7.2	9.7	14.3	27.7	0.0	9.1
90-179	21.3	16.1	23.8	5.4	26.9	0.0
180 - 359	6.8	4.3	4.8	25.9	23.1	9.1
360 or more	5.7	1.1	9.5	5.4	38.5	0.0
No Response	7.2	10.8	0.0	1.8	0.0	0.0
Total Number	263	93	21	112	26	11

Table 9: Use of Rehabilitation Facilities: Percentages

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Used	42.2	39.8	66.7	35.7	53.8	54.5
Not Used	52.1	59.1	33.3	52.7	42.3	45.5
No Response	5.7	1.1	0.0	11.6	3.8	0.0
Total Number	263	93	21	112	26	11

Table 10: Reasons for Non-use of Rehabilitation Facilities: Percentages

REASONS	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Lack of Knowledge of Facilities	12.4	16.4	14.3	11.7	0.0	0.0
Not Needed	53.3	43.6	14.3	68.3	45.5	50.0
Thought Likely to Be Useless	21.9	21.8	57.1	13.3	36.4	50.0
Too Expensive & Likely to be Useless	0.7	1.8	0.0	0.0	0.0	0.0
Geographically Inaccessible	0.7	0.0	14.3	0.0	0.0	0.0
Not Needed & Likely Useless	4.4	5.5	0.0	5.0	0.0	0.0
Inaccessible & Not Needed	2.2	5.5	0.0	0.0	0.0	0.0
Inaccessible & Likely Useless	2.2	1.8	0.0	0.0	18.2	0.0
Lack of Knowledge and Thought Likely Useless	2.2	3.6	0.0	1.7	0.0	0.0
Total Number	137	55	7	60	11	4

Table 11: Opinion of Rehabilitation Where used: Percentages

OPINIONS	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Valuable	36.0	21.6	21.4	52.5	53.8	14.3
Adequate	25.2	21.6	21.4	30.0	23.1	28.6
Inadequate	38.7	56.8	57.2	17.5	23.1	57.1
Total Number	111	37	14	40	13	7

Table 12: Incidence of Permanent Disability:
Percentages

DISABILITY	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Permanent	83.7	87.1	95.2	75.9	88.5	100.0
Terminating or no Disability	12.9	12.9	4.8	8.0	11.5	0.0
No Response	3.4	0.0	0.0	16.1	0.0	0.0
Total Number	263	93	21	112	26	11

Table 13: Activities Precluded by the Accident:
Percentages

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
None	25.5	18.3	14.3	37.5	15.4	9.1
Some paid work & House tasks	35.4	41.9	28.6	36.6	11.5	36.4
All Paid Work	19.4	26.9	42.9	8.9	11.5	36.4
All Work & House tasks	10.6	12.9	9.5	8.0	11.5	18.2
All Work & Self Care	5.3	0.0	4.8	0.0	50.0	0.0
No Response	3.8	0.0	0.0	8.9	0.0	0.0
Total Number	263	93	21	112	26	11

Table 14: Birthplace of Accident Victims: Percentages.
Absolute numbers are given in brackets

BIRTHPLACE*	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Australia	76.0 (200)	71.0 (66)	81.0 (17)	79.5 (89)	80.8 (21)	63.6 (7)
First Generation	1.9 (5)	0.0 (0)	0.0 (0)	4.5 (5)	0.0 (0)	0.0 (0)
Migrant	22.1 (58)	29.0 (27)	19.0 (4)	16.1 (18)	19.2 (5)	36.4 (4)
Total Number	263	93	21	112	26	11

* Respondents were classed as "Australian" if they were born in Australia or another English speaking country, with at least one parent so born. They were classed as "First Generation" if born in Australia or another English speaking country, but with both parents born in other than an English speaking country. Respondents classed as "Migrants" were those born outside Australia or another English speaking country.

Table 15: Age at Accident: Percentages in Each Age Group

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Unknown	0.4	1.1	0.0	0.0	0.0	0.0
Under 15	3.8	0.0	0.0	4.5	19.2	0.0
15-19	11.0	0.0	0.0	19.6	19.2	18.2
20-29	17.5	6.5	33.3	22.2	23.1	18.2
30-39	22.4	26.9	57.1	11.6	23.1	27.3
40-49	22.8	39.8	4.8	15.2	7.7	27.3
50-59	16.3	19.4	4.8	18.8	7.7	9.1
60 or over	5.7	6.5	0.0	8.0	0.0	0.0
Total Number	263	93	21	112	26	11

Table 16: Nature of Employment at Time of Accident:
Percentages

EMPLOYMENT CATEGORY	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Not Employed	12.9	0.0	0.0	24.1	26.9	0.0
Rural Labourer	7.6	7.5	19.0	6.3	3.8	9.1
Labourer/ Process Worker	39.9	52.7	28.6	32.1	23.1	72.7
Skilled Trade	25.1	35.5	42.9	15.2	19.2	18.2
Clerical	6.5	3.2	0.0	11.6	3.8	0.0
Managerial/ Professional	8.0	1.1	9.5	10.7	23.1	0.0
Total Number	263	93	21	112	26	11

2.2.2 The Legal Process and the Award.

Data relevant to these questions are presented in Tables 17 - 27. The most significant features of the results are summarised below.

Legal Representation

- Victims of industrial accidents were, predictably, much more likely than either MVC group to approach a union solicitor. However, while two-thirds or more of the CL IND and medium-level WCC recipients did so, the figure was only one-third for the high WCC group. Almost as many people in the latter group (where numbers are of course only small) went to a lawyer described as "local". Among both high and medium-level MVC recipients, a solicitor was most commonly chosen on the basis of the recommendation of a friend, with a family solicitor in each case being the next commonest choice. (Table 17)
- Recipients of high-level awards (including CL IND) were asked about the period of time which elapsed between the accident and their first consulting a lawyer. While the numbers in all three groups are small, it appears there was a trend for the high WCC group to let more time go by than did the high MVC recipients. Of the latter, half saw a lawyer within 2 months of the accident, and almost all within 6 months. The availability of weekly compensation payments in cases of industrial accident is presumably one of the relevant factors here. (Table 18)
- Respondents awarded common law damages, whether for industrial or motor vehicle accidents, were asked about the period which elapsed between their first consulting

a lawyer and the award being received. High level MVC awards were most commonly made between three and five years after a lawyer was consulted, some 40% of the relevant cases falling into this category. Roughly 20% of such matters took five years or longer to complete. Medium-level MVC awards tended to be received sooner - where relevant data were available, it appeared that about three out of four such cases were completed within 3 years of a lawyer's being consulted. Such differences may to some extent reflect a need to wait for stabilization of medical condition in the case of high-level recipients. (Table 19)

Weekly Payments

- It has been suggested above that the speed with which WCC victims seek lump sum compensation may be significantly affected by their being in receipt of weekly payments after the accident. We accordingly considered the incidence of previous receipt of weekly payments. As indicated in Table 20, the majority of respondents in both the WCC groups were in receipt of such payments up until the time of the lump sum redemption, and the remainder, roughly 40% and 25% respectively in the medium and high-level groups, had received payments at some stage after the accident, although not right up to the time of the award. Relatively fewer of the CL IND group had received weekly payments right up to the award. (Table 20)

The Legal Process and Satisfaction with Legal Advice

- The three groups of respondents who had sought common law damages were asked whether their case had gone to a verdict or been settled out of court. Medium-level MVC

cases had mostly been settled out of court, only one fifth proceeding to verdict. By contrast, over two-thirds of high-level MVC awards were determined by verdict. Approximately half of the CL IND matters had gone to a verdict. (Table 21)

Given that a large majority of all motor vehicle cases are known to be settled out of court, the incidence of verdicts reported even in the medium-level group may appear to be relatively high. However, it must be remembered that the cases surveyed were not intended to be representative of "the average case" completed in 1976, but rather to reflect a range of cases resulting from relatively severe injuries. Perusal of the GIO records at the outset suggested a gradual increase in the incidence of verdicts as the severity of injury increases, and the relatively high proportion of verdicts reported in the survey would be consistent with such a trend.

- About one respondent in four in the two MVC groups and in the medium-level WCC group reported dissatisfaction with the legal advice (s)he had received. The level of dissatisfaction was higher in both the other categories - 36% in the small CL IND group, and 43% in the (also small) high-level WCC group. (Table 22)

Satisfaction with the Award

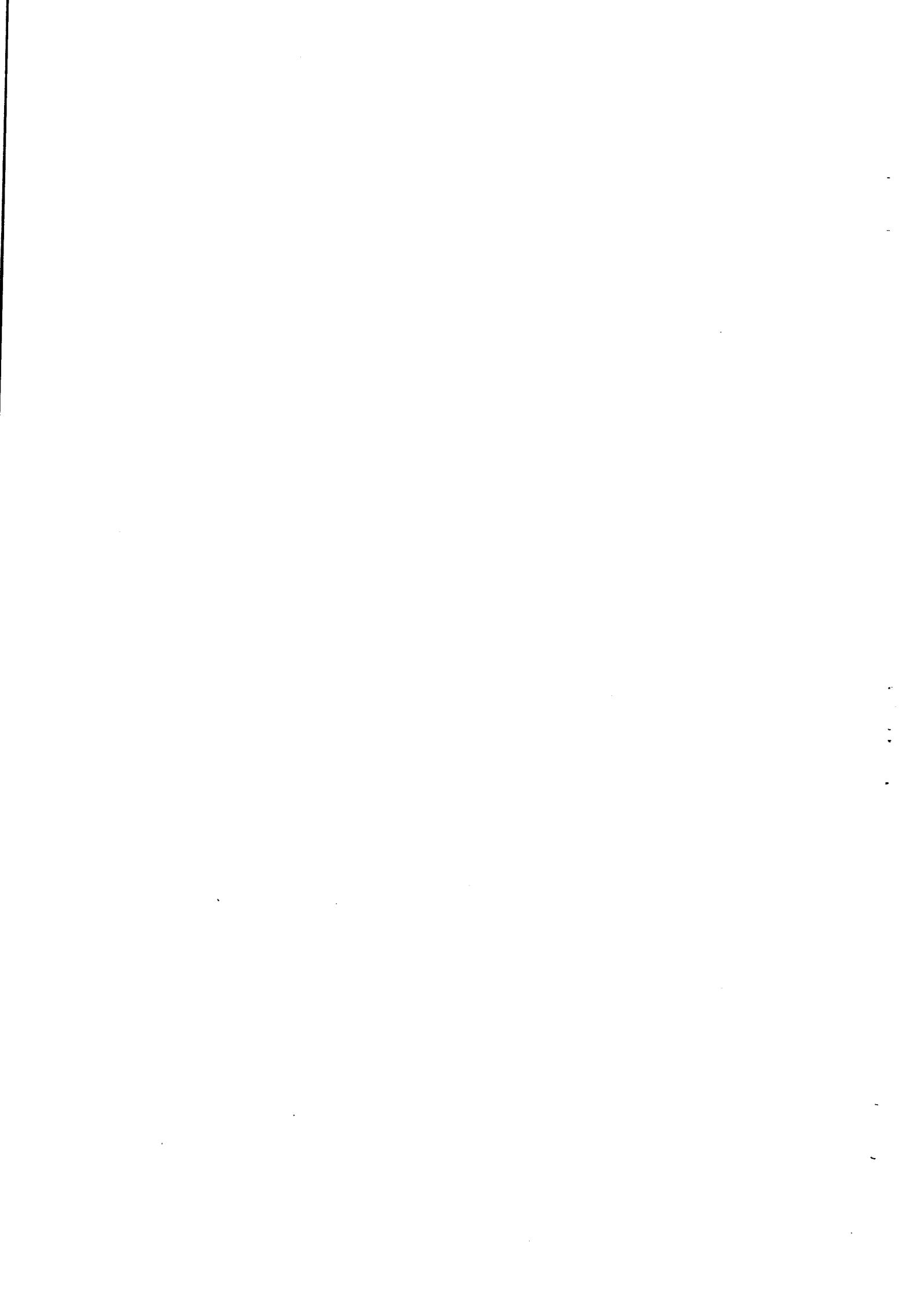
- Dissatisfaction at the time with the size of the award received was in most cases appreciably greater. It was greatest of all in the CL IND group, where nearly three quarters were unhappy with their award at the time. In other groups, between 30% and 50% of the respondents reported dissatisfaction at the time. Interestingly, satisfaction was greatest in the high MVC group, and

next in the high WCC group - a trend which was reversed when respondents were questioned as to their current satisfaction with the award: see Table 25 below. (Table 23)

Those whose cases had been settled out of court, but who reported themselves dissatisfied at the time, were asked why they had accepted the amount in question. The dominant reason given in all categories was advice by the lawyer handling the matter, this being supplemented in the case of WCC recipients by concern about delay in the process, and difficulty with insurers. General worry about the compensation process was also reported by respondents in all groups as a factor in the decision. (Table 24)

Current satisfaction with the award proved to be much less than satisfaction at the time. Three, out of four respondents were now dissatisfied. The alteration in perception of adequacy was greatest among high-level recipients. In the case of MVC recipients of over \$100,000, while some 70% had been happy at the time, only 15% were now satisfied with their award. In the high-level WCC group, over 60% had been satisfied at the time, but only 20% were satisfied now. Less dramatic change in attitude was apparent in the two medium-level groups, although an additional 25% had become dissatisfied in each case. Little change was apparent in the CL IND group, who had been highly dissatisfied from the outset. (Table 25)

Those expressing current dissatisfaction were asked to nominate the principal reason for their attitude. The two most common responses given were the impact of inflation on the award (particularly common in the high-level WCC and high-level MVC groups) and the sense



that money could not compensate for the injuries received. (Table 26)

We attempted to determine the accuracy with which the victim's legal adviser had been able to predict the likely award, by expressing the amount first predicted by the lawyer as a percentage of the final award. We considered that this might have some bearing on the degree of satisfaction expressed by recipients both at the time and currently. However, in most cases it seemed that no specific amount had been suggested by the legal adviser (or at least was not recalled by the respondent). Where such predictions had been made, the accuracy of the estimates was found to be quite variable. Overall, 50-60% of the estimates seem to have been within 25% (either way) of the award finally made, though a significant number of lawyers had predicted amounts of less than half the sum ultimately awarded. Certainly under-estimates were more common than over-estimates. Lawyers' predictions are thus unlikely to have provided any general basis for client dissatisfaction with awards made. (Table 27)

Table 17: Basis for Selection of Lawyer: Percentages

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Local	13.7	4.3	28.6	19.6	11.5	9.1
Family	16.0	4.3	19.0	25.0	23.1	0.0
Recommended by Friend	27.4	17.2	14.3	34.8	50.0	9.1
Professional Recommendation	3.8	4.3	4.8	1.8	11.5	0.0
Union Solicitor	35.7	66.7	33.3	14.3	3.8	72.7
Other	3.0	2.2	0.0	4.5	0.0	9.1
No Response	0.4	1.1	0.0	0.0	0.0	0.0
Total Number	263	93	21	112	26	11

Table 18: Delay between Accident and Initial Approach to Lawyer: Percentages (High-level Awards Only)

DELAY IN MONTHS	TOTAL SAMPLE	WCC MED	WCG HIGH	MVC MED	MVC HIGH	CL IND
< 1	5.2	N/A	0.0	N/A	7.7	9.1
1 < 2 *	32.8		19.0		42.3	36.4
2 < 6	27.6		33.3		34.6	0.0
6 < 12	15.5		28.6		3.8	18.2
12 or more	8.6		9.5		3.8	18.2
No Response	10.3		9.5		7.7	18.2
Total Number	58		21		26	11

* That is, one month or longer, but less than 2 months.

Table 19: Period Elapsed between Initial Legal Consultation and Receipt of Award: Percentages (Common Law Matters Only)

TIME ELAPSED IN YEARS	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
< 6 months	0.0	N/A	N/A	0.0	0.0	0.0
6 months < 1 *	4.7			6.3	0.0	0.0
1 < 2	26.8			30.4	15.4	18.2
2 < 3	26.2			27.7	19.2	27.3
3 < 5	20.1			15.2	38.5	27.3
5 or more	5.4			2.7	19.2	0.0
No Response	16.8			17.9	7.7	27.3
Total Number	149			112	26	11

* That is, 6 months or longer, but less than a year.

Table 20: Previous Receipt of Weekly Payments: Percentages
(Industrial Matters Only)

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Up to time of Award	61.6	60.0	76.2	N/A	N/A	45.5
At Some Earlier Stage	38.4	39.8	23.8			54.5
Never	0.0	0.0	0.0			0.0
Total Number	125	93	21			11

Table 21: verdict or Settlement: Percentages (Common Law
Matters Only)

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Settlement	69.8	N/A	N/A	80.4	30.8	54.5
Verdict	30.2			19.6	69.2	45.5
Total Number	149			112	26	11

Table 22: Satisfaction with Legal Advice: Percentages

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Satisfied	71.1	74.2	57.1	70.5	76.9	63.6
Dissatisfied	28.9	25.8	42.9	29.5	23.1	36.4
Total Number	263	93	21	112	26	11

Table 23: Satisfaction with Award at the Time: Percentages

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Satisfied	53.2	55.9	61.9	48.2	69.2	27.3
Dissatisfied	46.8	44.1	38.1	51.8	30.8	72.7
Total Number	263	93	21	112	26	11

Table 24: Reasons for Acceptance of Offer: Percentages..
 (Dissatisfied Recipients in Non-Verdict Cases
 Only)*

REASONS	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Debts	9.4	16.2	0.0	4.5	0.0	33.3
Lawyer Advice	61.5	48.6	75.0	65.9	75.0	100.0
Worry about Process	26.0	21.6	25.0	29.5	25.0	33.3
Possible Improvement	2.1	2.7	0.0	2.3	0.0	0.0
Length of Time	22.9	29.7	37.5	18.2	0.0	0.0
Difficult Insurers	16.7	29.7	37.5	4.5	0.0	0.0
Other	4.2	0.0	0.0	9.1	0.0	0.0
Total Number	96	37	8	44	4	3

* Due to the possibility of multiple responses to this question the totals within each group may be greater than the number of respondents within that group.

Table 25: Current Satisfaction with Award: Percentages

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Satisfied	24.0	30.1	19.0	22.3	15.4	18.2
Dissatisfied	76.0	69.9	81.0	77.7	84.6	81.8
Total Number	263	93	21	112	26	11

Table 26: Principal Reason for Dissatisfaction with Award:
Percentages (Currently Dissatisfied Recipients Only)

PRINCIPAL REASON	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Inflation	26.0	23.1	47.0	19.5	45.4	22.2
Limited Jobs	13.5	18.5	11.8	9.2	13.6	22.2
Money cannot Compensate	42.0	35.4	35.3	52.9	22.7	44.4
Extra Medical cost	7.0	10.8	0.0	8.0	0.0	0.0
Other	11.0	10.8	5.9	10.3	18.2	11.1
No Response	0.5	1.5	0.0	0.0	0.0	0.0
Total Number	200	65	17	87	22	9

Table 27: Award Prediction by Legal Adviser*

PERCENTAGE ACCURACY OF AWARD PREDICTION	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
0 < 25%**	3.8 (10)	5.4 (5)	0.0 (0)	1.8 (2)	0.0 (0)	27.3 (3)
25 < 50%	4.2 (11)	1.1 (1)	19.0 (4)	1.8 (2)	11.5 (3)	9.1 (1)
50 < 75%	5.3 (14)	3.2 (3)	0.0 (0)	7.1 (8)	7.7 (2)	9.1 (1)
75 < 100%	9.5 (25)	8.6 (8)	9.5 (2)	8.9 (10)	19.2 (5)	0.0 (0)
100<125%	10.6 (28)	11.8 (11)	14.3 (3)	9.8 (11)	3.8 (1)	18.2 (2)
1125%or more	3.0 (8)	2.2 (2)	0.0 (0)	5.4 (6)	0.0 (0)	0.0 (0)
No Prediction Made or Not Known	63.5 (167)	67.7 (63)	57.1 (12)	65.2 (73)	57.7 (15)	36.4 (4)
Total Number	263	93	21	112	26	11

* Amount predicted, if any, is treated as a percentage of the full amount awarded. Percentages predicting awards within each range are shown, with absolute numbers given in brackets below, in view of the low response rate.

** The range "0<25%" indicates the lawyer's prediction was less than 25% of the final award.

2.2.3 Use of the Award

Tables 28 - 33 describe some of the bases for respondents' expenditure and investment decisions, and the way in which the amounts awarded have been used. The principal findings are summarised below.

Investment Advice

- The great majority of medium-range award recipients neither sought nor received much advice as to investment. Over 70% in both medium-level groups reported having had no financial advice at all, whether from professional sources or otherwise. High-level MVC and WCC recipients were somewhat more likely to have had some advice, although in both cases there were still significant minorities (23% and 38% respectively) reporting no advice at all. In all groups, where advice was received, the commonest source was the lawyer acting for the recipient at the time. Half the high-level MVC group nominated their lawyer as a source of financial advice. The obvious point here is that this is not the job that lawyers in compensation cases are paid to do, and that lawyers as such are not necessarily well qualified to assist in these matters. It may very well be that the lawyers in question did not in fact perceive themselves as having a major role in their clients' investment decisions. The significance attributed to their advice probably depends in part on the lack of other professional advisers available to accident victims who may have little knowledge of financial affairs. (Table 28)
- Among those who did obtain some assistance, advice centred principally on bank investments or investments

in other financial institutions such as building societies, cash management trusts and the like. Somewhat less emphasis was placed on purchase of real property. (Table 29)

Use of the Award

The most common use of the award, on the other hand, was for house purchase and/or improvements. Some 60% of all respondents had spent at least some of their money in this way; the relevant percentage was high in all award categories. A significant number of respondents (some 40% overall) reported bank or similar institutional investments. As Table A30 (see Appendices*) makes clear, most people reported more than one use of the money they received. Things such as holidays or the purchase of cars or boats did not on the whole represent a major part of the expenditure programme.

Comparing the various categories of award, it is clear that high-level MVC and WCC recipients were more inclined (and presumably more able, given their larger awards) than were other recipients to invest for income generation purposes. All award categories, as we have seen, reported a relatively high incidence of house purchase or improvement. However, the interpretation of these figures is not entirely straightforward. Personal discussion suggested that in groups other than the high-level MVC category, the decision to pay off or improve an existing dwelling, or to buy a new one, was typically a choice made from a number of options available. For some high-level MVC recipients, on the other hand, a new or greatly modified house tended to

* Table A30 shows in detail the percentage incidence of each combination of investments or expenditures.

be something of a necessity where the accident had resulted in a severe condition like paraplegia or quadriplegia. In cases where house purchase was simply an option for recipients of high MVC awards, it seemed to the interviewers to be a less popular course of action; money was more commonly invested for purposes of income generation. This latter trend is consistent with the figures given in Table 30. Approximately two thirds of the high-level MVC sample used some money in this fashion, with the corresponding WCC high-level figure being 57%.

It is noteworthy that in all groups except high-level WCC recipients, some 30-40% reported using some of the money to repay Social Security or other debts which had been incurred while awaiting the award. (Table 30)

Adequacy of the Award in Various Respects, and Continuing Expenses

Recipients were asked four more specific questions about the adequacy of their award. Three related to meeting the costs of medical and hospital treatment, paying off other debts (including loans made necessary by reduced income and borrowings from friends and family), and paying for home care and/or home modifications. The fourth question related to loss of future income arising from the accident.

Interestingly, there were some respondents in the medium-level MVC, high-level WCC and, in particular, medium-level WCC groups who said that their lump sum was not even adequate to meet medical and hospital costs, and/or to pay off other debts arising out of the accident. For most award recipients, home care and/or modifications were not necessary, but again some people

who regarded this question as relevant said the award was inadequate for these purposes. It was judged inadequate by 3 respondents out of a possible 7 in the medium-level MVC group, and 2 out of a possible 5 in the high-level WCC group.

A quite clear trend emerged in respondents' judgments about the adequacy of the award to cover loss of future income. Only in the medium-level MVC group did any significant number of respondents judge the award adequate in this respect. There were strong negative opinions in all other groups. This is less surprising, of course, in the Workers' Compensation cases, (where the lump sum redemption is not designed to provide full compensation for future wages loss) than in the common law cases. (Table 31)

Some three-quarters of the high MVC group reported continuing expenses arising out of the accident, as did over half the people in both Workers' Compensation categories. The lowest such figure was some 37%, for the medium-level MVC group. In all award categories, medical/hospital treatment accounted for most of the continuing expenses which were reported, though smaller numbers of respondents did refer to continuing costs relating to such matters as rehabilitation, transport or household needs. (Table 32)

Recipients were questioned as to whether costs they were currently incurring had been foreseen at the time of the award. Substantial majorities in all groups indicated that such costs had not been foreseen. By this most respondents seem to have meant that relevant expenses were not predicted at the time by themselves or by their medical or legal advisers. (Table 33)

Table 28: Source of Investment Advice*

SOURCE	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
None	169 (64.3)	66 (71.0)	8 (38.1)	81 (72.3)	6 (23.1)	7 (63.6)
Lawyer	48 (18.3)	14 (15.1)	7 (33.3)	11 (9.8)	13 (50.0)	3 (27.3)
Stockbroker/ Accountant	5 (1.9)	1 (1.1)	0 (0.0)	0 (0.0)	4 (15.4)	0 (0.0)
Judge	12 (4.6)	5 (5.4)	0 (0.0)	1 (0.9)	6 (23.1)	0 (0.0)
Doctor	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
Bank/financial adviser	13 (4.9)	2 (2.2)	4 (19.0)	2 (1.8)	5 (19.2)	0 (0.0)
Friends/ Family	17 (6.5)	1 (1.1)	4 (19.0)	9 (8.0)	3 (11.5)	0 (0.0)
Other	4 (1.5)	1 (1.1)	1 (4.8)	0 (0.0)	1 (3.8)	1 (9.1)
Total Number	263	93	21	112	26	11

* The percentages given in brackets represent the proportion of respondents in each category, answering this question, who mentioned the particular source of advice. Due to the possibility of multiple responses, and of some non-response, the total for each category may not correspond with the number of respondents.

Table 29: Nature of Investment Advice: Percentages*

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Buy home/ unit	34.6	20.0	58.3	36.0	41.3	25.0
Renovate house	7.7	10.0	8.3	0.0	11.8	0.0
Bank Investments	67.9 67.9	90.0	66.7	52.0	70.6	50.0
Shares	7.7	0.0	8.3	8.0	11.8	25.0
Other	9.0	0.0	8.3	8.0	23.5	0.0
Total Number	78	20	12	25	17	4

* The percentage here represents the proportion of respondents in each category, answering this question, who mentioned the particular kind of advice. Due to the possibility of multiple responses, and of some non-response, the total for each category may not correspond with the relevant number of respondents.

Table 30: Use of Award*

USE OF MONEY	TOTAL	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
House Purchase	108 41.1)	29 (31.2)	13 (61.9)	48 (42.9)	13 (50.0)	5 (45.5)
Home Improvements	56 21.3)	25 (26.9)	5 (23.8)	16 (14.3)	7 (26.9)	3 (27.3)
Bank/financial Investments	107 40.7)	29 (31.2)	12 (57.1)	45 (40.2)	17 (65.4)	4 (36.4)
Shares	8 (3.0)	5 (5.4)	1 (4.8)	2 (1.8)	0 (0.0)	0 (0.0)
Car/boat/caravan	32 12.2)	7 (7.5)	3 (14.3)	14 (12.5)	8 (30.8)	0 (0.0)
Overseas trip	17 (6.5)	6 (6.5)	1 (4.8)	9 (8.0)	0 (0.0)	1 (9.1)
Australian trip	6 (2.3)	3 (3.2)	0 (0.0)	3 (2.7)	0 (0.0)	0 (0.0)
Social Security Debts	25 (9.5)	5 (5.4)	0 (0.0)	12 (10.7)	6 (23.1)	2 (18.2)
Other Debts	55 (20.9)	25 (26.9)	1 (4.8)	21 (18.8)	5 (19.2)	3 (27.3)
Other	(3 6	10 (10.8)	1 (4.8)	18 (16.1)	5 (19.2)	2 (18.2)
Total Number	263	93	21	112	26	11

* The Percentages given in brackets represent the proportion of respondents in each group who made the relevant response. Due to the possibility of multiple responses, the total for each group may be greater than the number of respondents.

Table 31: Adequacy of Award in Various Respects: Percentages with absolute numbers in brackets where useful.

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
(a) <u>Paying Medical and Hospital Costs</u>						
Adequate	74.5	73.1	66.7	72.3	92.3	81.8
Inadequate	3.8	5.4	4.8	3.6	0.0	0.0
N/A	19.8	18.3	28.5	24.1	0.0	18.2
Don't Know	1.9	3.3	0.0	0.0	7.7	0.0
(b) <u>Paying Other Debts</u>						
Adequate	73.4	65.6	61.9	75.0	96.2	90.9
Inadequate	8.4	16.1	4.8	5.4	0.0	0.0
N/A	17.4	17.2	33.3	19.6	0.0	9.1
Don't Know	0.8	1.1	0.0	0.0	3.8	0.0
(c) <u>Paying for Home Care and/or Modifications</u>						
Adequate	(35) *	12.9 (12)	9.5 (2)	3.6 (4)	50.0 (13)	36.4 (4)
Inadequate	3.4 (9)	2.2 (2)	9.5 (2)	2.7 (3)	7.7 (2)	0.0 (0)
N/A	81.7 (215)	83.9 (78)	76.2 (16)	93.8 (105)	34.6 (9)	63.6 (7)
Don't Know	1.5 (4)	1.1 (1)	4.8 CD	0.0 (0)	7.7 (2)	0.0 (0)
(d) <u>Compensating Loss of Future Income</u>						
Adequate	13.7	11.8	0.0	19.6	7.7	9.1
Inadequate	57.0	62.4	81.0	41.1	76.9	81.8
N/A	14.1	7.5	0.0	25.0	3.8	9.1
Don't Know	15.2	18.3	19.0	14.3	11.5	0.0
Total Number	263	93	21	112	26.	11

* Absolute numbers are given in brackets in this case because of the large numbers to whom the question did not apply.

Table 32: Incidence of Continuing Expenses: Percentages*

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
None	52.1	47.3	47.6	63.4	23.1	54.5
Medical	43.3	51.6	52.4	29.5	69.2	36.4
Rehabilitation	2.7	1.1	4.8	2.7	7.6	0.0
Household	1.9	0.0	0.0	2.7	7.6	0.0
Transport	3.0	0.0	4.8	3.6	7.6	9.1
Other	0.4	1.1	0.0	0.0	0.0	0.0
No Response	1.9	0.0	0.0	3.6	3.8	0.0
Total Number	263	93	21	112	26	11

* Due to the possibility of multiple responses to this question, the totals within each group may be greater than the number of respondents in that group.

Table 33: Extent to Which Continuing Costs were Foreseen at Time of Award: Percentages

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Predicted	30.1	38.8	36.4	15.4	36.8	20.0
Not Predicted	69.9	61.2	63.6	84.6	63.2	80.0
Total Number	123	49	11	39	19	5

2.2.4 Victims' Financial Circumstances

Tables 34 - 42 include information relating to the general financial position of the award recipients, both while waiting for the award, and currently. The main findings presented in these tables are summarised below.

Employment since the Accident

- High percentages of the accident victims surveyed had not been in employment at all subsequent to the accident. Not unexpectedly, the relevant figure is particularly high, at 73%, in the case of high-level MVC awards. (Table 34)
- As far as current employment is concerned, Table 35 shows that in the medium-level MVC group just on half the respondents are working at present. In the other four groups the proportion now in work is just under 30% in each case. Most of the work reported is full-time, although in the high WCC group half of those who are employed are only working part-time (Table 35).

Of major interest here, of course, is a comparison of the work status of the victim before and after the accident, with due allowance for ageing - a point which is taken up at page 90 below.

Current Income and Income Sources

- A question on sources of non-work income revealed that roughly two-thirds of respondents in both WCC categories were in receipt of Social Security benefits of some kind, as were about one-third of respondents in each other group. In most groups, the Invalid Pension was the most common form of Social Security. The

situation of those surveyed is in marked contrast to that of the general population. Of the whole Australian population, some 19% in 1982 were in receipt of such major forms of Social Security as the old age pension (9.2%) or the invalid pension (1.8%).* For all five survey groups, dependence on Social Security was thus notably high.

Relatively high percentages in the high MVC and CL IND groups (62% and 55% respectively) reported some form of income from investments. For the high-level WCC group the figure was 32%. It may be added that the value of respondents' investments was generally small and the relevant income fairly low, except perhaps for the high-level MVC group - and for these, investments often represented the only source of income. (Table 36)

Many respondents were reluctant or unable to give information as to the amount of money remaining from the award. A question on this point produced a high percentage of "don't know" or "won't say" responses. There was also a high incidence of "nothing" as a response, and this should be interpreted with caution since it may include a number of recipients who were simply not prepared to disclose actual amounts. Further, while a large number of recipients quite accurately said that no money was left, it may well have been the case that they had used the award to buy a house, improve a house, buy a car, or clear other debts, in the latter case, even though such an answer does not indicate the full extent of benefits derived from the award, it at least indicates that no possibility remains of generating income from the award.

* See Department of Social Security, Ten Year Statistical Summary, 1973 to 1982 (April 1983).

Among the recipients of high-level MVC compensation, about a quarter reported that they still had \$50,000 or more remaining. Among high-level WCC recipients, a third reported that they retained sums of between \$10,000 and \$50,000. (Table 37)

Recipients in all categories also demonstrated some reluctance to disclose their weekly income and, as in most social surveys, the information that is available on this point may be less than completely reliable. However, in the present case, accuracy was perhaps increased by the fact that such a large number in each group were in receipt of Social Security benefits. The relevant figures are set out in Table 38*. Generalization is difficult, but the proportion of respondents reporting relatively high incomes (\$300 or more per week) is smaller in the two WCC groups (around 10%) than in the other three categories (around 20%).

Comparing the incomes reported in the survey with income levels for the population as a whole is not entirely straightforward. A number of calculations based on Australian Bureau of Statistics income data for 1978-79 (the latest available), updated by reference to the most recent Australian National Accounts, suggest however that the levels of income reported by the accident victims are rather lower than those of all income recipients (not just wage earners) in New South Wales**. This is particularly striking

* It should be noted that dependent spouses or students who reported a "nil" income have been excluded from this table.

* See Australian Bureau of Statistics, Weekly Earnings of Employees (Distribution), Australia, August 1982 (May 1983, catalogue no. 6310.0), and Australian National Accounts, National Income and Expenditure, 1981-82 (catalogue no. 5204.0). Actuarial calculations carried out for the Law Reform Commission, for example, produced an estimate of \$326 for current average weekly income of all income recipients in New South Wales.

given that all the industrial accident victims, and some three-quarters of the road accident victims, were formerly in the workforce (see Table 16). It lends support to respondents' views that the award did not adequately compensate for future income loss (cf. Table 31(d)).

If we consider only current wage and salary earners, we find that average weekly earnings as at August 1982 were \$328 for fulltime male employees in New South Wales, and \$304 for all fulltime employees. Since most employees in fact earn less than average weekly earnings, however, another statistic known as median earnings is also of interest; half the people employed earn more than the median, and half earn less. For fulltime male employees in New South Wales, in August 1982, median earnings were \$299; for all fulltime New South Wales employees median earnings were \$268*. Median incomes reported in the survey were much lower, for example \$126 for the high-level MVC group.

Circumstances While Awaiting the Award

- Recipients reported a range of sources of non-work income for the period while they were awaiting the award. It appears that the single source of income most commonly relied on by CL IND and, in particular, WCC recipients was weekly compensation payments. Nearly two-thirds in both the MVC groups reported reliance on weekly compensation payments**, sickness benefits, or

* Again see Australian Bureau of Statistics, Weekly Earnings of Employees etc. For all employees, whether full-time or part-time, Australia-wide, in August 1982, median weekly earnings were \$252; no corresponding New South Wales figure is available, but it would be expected to be a little higher.

** Since a small number of those who received MVC awards were in fact injured in circumstances that would have ~~entitled them to Workers Compensation~~, those few would have ~~been eligible~~ ~~entitled them to Workers Compensation~~, those few would have

other Social Security payments. Over half the high-level MVC group reported some dependence on help from family or friends. (Table 39)

The percentage of respondents who incurred some debt prior to the award, quite apart from medical and legal costs, ranged between 27% in the CL IND group and 89% in the high-level MVC group. These debts were commonly obligations to family members who had helped in maintaining hire purchase payments or house payments, or loans of a more formal kind to assist in maintaining normal living standards. The commonness of such debts in both the high MVC and high WCC categories in part reflects inability on the part of these respondents to do any paid work, and also the longer delay between accident and award, during which time debts were more likely to be incurred. (Table 40)

Proportion of Award Remaining

An attempt was made to assess in a standard fashion the proportion of the award currently remaining, by expressing the amount left as a percentage of the amount originally received. However, in view of the poor quality of the information summarized in Table 37, relating to the amount left, the data presented in Table 41 below must also be treated with caution. It would seem that the majority of each group have none of the original sum remaining. The difficulty of assessing the value of assets purchased with the award further reduces the usefulness of the information presented in Table 41. However, consistent with points made above, higher-level recipients tending to put money into income-generating investments, in general report a higher proportion of the award remaining than is the case for recipients of smaller awards. (Table 41)

Financial Vulnerability and Security

One objective of the survey was to identify among the respondents people who were in either a particularly weak or a particularly strong financial position, since information about such people would seem to have implications for the adequacy and fairness of existing compensation systems. Table 42 is accordingly concerned with relative financial vulnerability and security in the five award categories.

It is clear from the information presented in earlier tables that the survey did not identify any large number of people who could be regarded as well-off or wealthy. For the purposes of the cross-tabulations discussed in section 2.3 below, it therefore seemed that the relatively small number of respondents who reported weekly incomes of more than \$300 (cf. Table 38) was the best available indicator of any degree of financial security. "More than \$300 a week" is not necessarily a princely sum, but at least it is in the range of average weekly earnings*.

At the lower end of the scale the situation was a little more complicated. Both the weekly income data presented in Table 38 and the data on income sources presented in Table 36 could have a bearing on an assessment of respondents' financial vulnerability. A detailed analysis of which respondents fell below currently accepted poverty lines for Australia would have been useful, but was not possible because certain relevant data (notably on numbers of dependants) were not available for all respondents. A decision was reached that the most adequate simple indicator of financial vulnerability would be one derived from combining all those who reported being on income-tested Social Security benefits (thus excluding old age pension

* See page 70.

recipients who were aged seventy or more), with those who reported weekly incomes of under \$150. The \$150 figure is necessarily arbitrary, but was chosen as representing a personal income that is unquestionably low by general community standards, and as falling around the middle of the range of "poverty line" incomes calculated by the Melbourne Institute of Applied Economic and Social Research for various family and housing situations*. Depending on personal circumstances, there may have been some respondents with incomes below \$150 who were not in a particularly grim financial position, while others with incomes above this figure may have been in real difficulties. The main point of the "Vulnerability" calculation, however, was to facilitate further analysis of the characteristics of the respondents who were currently worst off (see below, section 2.3); it is reasonable to assume that discrepancies of this sort, if they did occur, would not have biased the outcomes of such analysis in any consistent direction.

"Vulnerability", in Table 42 and in the cross-tabulations discussed in section 2.3, is thus defined as:

(i) being in receipt of income-tested Social Security benefits, and/or

(ii) having a weekly income of less than \$150 a week**.

• Table 42 reveals that significant numbers of respondents in all five groups fell into this "vulnerable" category. The percentage figure is lowest

* For example, the Institute has calculated the current poverty line for a married couple with no dependants at \$142.30 as at February 1983.

** An incidental advantage of this double criterion was that, while Table 36 and particularly Table 38 both reveal some missing data, all respondents proved to have answered one question or the other.

for the medium-level MVC group, but even in this case 34% were classified as vulnerable. Half or more of the respondents in the high-level MVC group and in both WCC groups fell into the "vulnerable" category.

- In all five groups, fewer people fell into the "secure" classification. For those respondents for whom the relevant income data were available, only 8% or 9% in both WCC categories were classified as "secure". The corresponding figure was around 20% in both MVC categories, in the small CL IND group the "secure" figure was 28.6%.

Table 34: Nature of Any Employment Subsequent to Accident: Percentages

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Not Employed After Accident	46.4	57.0	47.6	30.4	73.1	54.5
Rural Labourer	5.3	5.4	4.8	5.4	7.7	0.0
Labourer/Process Worker	23.6	22.6	23.8	29.5	0.0	27.3
Skilled Trade	9.9	10.8	14.3	9.8	7.7	0.0
Clerical	7.6	2.2	9.5	13.4	0.0	9.1
Managerial/Professional	7.2	2.2	0.0	11.6	11.5	9.1
Total Number	263	93	21	112	26	11

* The fact that a respondent reported returning to work at some stage did not necessarily mean that s/he was still working at the time of the survey.

Table 35: Current Employment Status: Percentages

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Full-time Work	30.4	24.7	14.3	40.2	23.1	27.3
Part-time Work	6.5	4.3	14.3	8.0	3.8	0.0
Not Employed	62.0	68.8	71.4	50.9	73.1	72.7
No Response	1.1	2.2	0.0	0.9	0.0	0.0
Total Number	263	93	21	112	26	11

Table 36: Sources of Any Non-Work Income: Percentages.

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
No Response	4.9	3.2	4.8	6.3	3.8	9.1
None	29.6	24.8	14.2	41.9	11.5	18.2
Unemployment Benefits	7.5	10.8	4.8	6.3	7.7	0.0
Old Age Pension	9.4	14.0	0.0	10.7	0.0	0.0
Invalid Pension	19.0	28.0	38.1	11.6	11.5	9.1
Sickness Benefits	2.7	3.2	4.8	1.8	0.0	9.1
Disability Insurance	0.4	0.0	0.0	0.0	3.8	0.0
Super- annuation	0.8	1.1	0.0	0.9	0.0	0.0
Investments	16.3	6.5	14.3	15.2	50.0	36.4
Combination Super- annuation & Old Age Pension	0.8	0.0	0.0	1.8	0.0	0.0
Combination Investments & Social Security Benefits	8.6	8.6	18.0	3.6	11.5	18.2
Total Number	263	93	21	112	26	11

Table 37: Amount of Award Remaining: Percentages

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Don't Know	17.5	17.3	4.8	15.2	30.8	36.4
Won't Say	9.1	16.1	14.3	3.6	3.8	9.1
"Nothing"*	54.4	52.7	42.9	65.2	30.8	36.4
< \$ 9,999	6.5	6.5	4.8	6.3	7.7	9.1
\$10-\$19,999	7.6	6.5	23.8	7.1	0.0	9.1
\$20-\$29,999	0.8	1.0	0.0	0.9	0.0	0.0
\$30-\$49,099	1.1	0.0	9.5	0.9	0.0	0.0
\$50,000 or mesre	3.0	0.0	0.0	0.9	26.9	0.0
Total Number	263	93	21	112	26	11

* This response must be interpreted with caution. As noted in the text, it may reflect defensiveness on the part of some recipients. Alternatively, it may be a true statement of the position, but may not indicate the actual value of the award remaining where some major item has been purchased with the lump sum, e. g. a house.

Table 38: Current Weekly Income: Percentages

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Can't Say	33.8	39.8	38.1	29.3	26.9	36.4
"None"*	9.2	4.3	0.0	13.8	11.5	18.2
<\$100p.w.	20.4	29.0	9.5	16.5	23.1	0.0
<\$200p.w.	12.7	12.9	23.8	11.0	11.5	9.1
<\$300p.w.	8.8	5.4	19.0	9.2	7.7	18.2
\$300 or more	15.0	8.6	9.5	20.2	19.2	18.2
Total Number	260	93	21	109	26	11

* Housewives and students reporting nil incomes (and thus presumably dependent on others) were excluded from these calculations. The relatively high frequency of this response may thus indicate defensiveness on the part of some of the respondents.

39: Source of Non-Work Income While Awaiting Award:
Percentages*

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Unemployment Benefits	8.7	6.5	0.0	12.5	7.7	0.0
Old Age Pension	5.0	0.0	0.0	6.3	0.0	0.0
Invalid Pension	6.1	3.2	9.5	6.3	11.5	9.1
Super- annuation	1.5	1.1	0.0	2.7	0.0	0.0
Disability Insurance**	6.8	4.5	23.8	5.4	3.8	18.2
Investments	1.5	0.0	4.8	1.8	3.8	0.0
Sickness /WCC Payments	56.7	73.1	76.2	37.5	42.3	54.5
Help from <i>family/ friend</i> only	28.9	15.1	14.3	37.5	53.8	27.3
No Response	5.3	4.3	4.8	7.1	3.8	0.0
Total Number	263	93	21	112	26	11

* ~~Some respondents in this~~ ^{Some respondents in this} group may be greater than the number of respondents in the group.

** Some respondents appeared to use this term for benefits from other sources such as sick leave.

Table 40: Debts Incurred While Awaiting Award: Percentages

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Yes	45.2	45.2	61.9	33.9	88.5	27.3
No	54.8	54.8	38.1	66.1	11.5	72.7
Total Number	263	93	21	112	26	11

Table 41: Proportion of Award Remaining*

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
None	54.8 (144)	52.7 (49)	42.9 (9)	66.1 (74)	30.8 (8)	36.4 (4)
0 < 10%	2.3 (6)	2.2 (2)	4.8 (1)	0.9 (1)	7.7 (2)	0.0 (0)
10 < 25%	1.9 (5)	1.1 (1)	4.8 (1)	1.8 (2)	0.0 (0)	9.1 (1)
25 < 50%	4.9 (13)	3.2 (3)	19.0 (4)	3.6 (4)	3.8 (1)	9.1 (1)
50 < 75%	3.8 (10)	4.3 (4)	0.0 (0)	2.7 (3)	11.5 (3)	0.0 (0)
75% or more	6.1 (16)	3.2 (3)	9.5 (2)	7.1 (8)	11.5 (3)	0.0 (0)
Not calculable/ Not known	26.2 (69)	33.3 (31)	19.0 (4)	17.9 (20)	34.6 (9)	45.5 (5)
Total Number	263	93	21	112	26	11

* Amount remaining, if any, is treated as a percentage of the award. The table shows percentages, with absolute numbers given in brackets below, in view of the low response rates to this question.

Table 42: Financial Vulnerability/Security

(a) Vulnerability

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Vulnerable	47.1 (124)	60.2 (56)	61.9 (13)	33.9 (38)	50.0 (13)	36.4 (4)
Total Relevant Responses	263*	93	21	112	26	11

* A.11 respondents gave information either on current weekly earnings/ or dependence or otherwise on Social Security.

(b) Security

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Secure	15.3 (27)	8.8 (5)	7.7 (1)	18.8 (15)	21.1 (4)	28.6 (2)
Total Relevant Responses	176*	57	13	80	19	7

* This figure excludes those respondents giving no information as to the level of their weekly earnings.

2.2.5 Opinions about the System

Respondents were invited to comment on any difficulties they had experienced with the current compensation systems, or any changes they would suggest. The information obtained is summarized in Table 43 below, and presented in a more detailed form in Table A43 (Appendix). Table A43 summarises the combinations of views expressed by participants in all groups, while Table 43 gives the percentage of respondents voicing or concurring with each of the statements presented.

Several points emerge from Table 43:

- A considerable number of recipients had no comment to make at all. Doubtless there were some who had no criticism of the system, and others who found the whole subject too complicated to form a view. It seemed to the interviewers that there were yet others who simply wished to "forget the whole thing", and had a generally negative response to the compensation experience and the interview.
- There was some support for the view that a lump sum was helpful in making a fresh start. About a fifth of all respondents in the WCC medium-level group put this view, about a quarter of both MVC groups, about a third of the CL IND group and nearly half the WCC high-level group. It seems possible that the prevalence of this view among high-level WCC recipients may be associated with the concern about insurers invading privacy* which was also most commonly expressed by this group.
- The proposition that a system of weekly payments

* A concern felt by some in relation to receipt of weekly Workers Compensation payments.

would be better was supported by an equal number overall, and was particularly common among the medium-level WCC and high-level MVC groups. (Table A43 reveals that a small number of respondents commented both that a lump sum enabled one to make a fresh start, and also that weekly payments represented a preferable arrangement.)

- Also common were complaints about the delay experienced before an award was made, particularly among recipients of high-level awards (cf, the data on delay reported in Table 19 for the high-level MVC group).
- A lack of adequate advice on investment was also commonly mentioned - again particularly by recipients of high-level awards.
- The most frequent comment of all was that better information was needed on the system as a whole.

Table 43: Comments on the Existing Systems*

	TOTAL SAMPLE	WCG MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Don't Know	34 (12.9)	10 (10.8)	2 (9.5)	18 (16.1)	1 (3.8)	3 (27.3)
None	17 (6.5)	5 (5.4)	1 (4.8)	8 (7.1)	3 (11.5)	0 (0.0)
Better Advice on Investment Needed	63 (24.0)	17 (18.3)	8 (38.1)	26 (23.2)	10 (38.5)	2 (18.2)
Weekly Payments Better	69 (26.2)	35 (37.6)	5 (23.8)	19 (17.0)	9 (34.6)	1 (9.1)
Too Long a Delay in Getting Money	76 (28.9)	25 (26.9)	9 (42.9)	28 (25.0)	13 (50.0)	1 (9.1)
More Informat- ion Needed on the System	107 (40.7)	25 (26.9)	16 (76.2)	43 (38.4)	14 (53.8)	9 (81.8)
Life Expect- ancy Should Not be Used	19 (7.2)	3 (3.2)	3 (14.3)	10 (8.9)	2 (7.7)	1 (9.1)
Lump Sum Useful in Reducing Invasion by Insurers	19 (7.2)	7 (7.5)	6 (28.6)	1 (0.9)	3 (11.5)	2 (18.2)
Lump Sum Helps a Fresh Start in Life	70 (26.6)	17 (18.3)	10 (47.6)	32 (28.6)	7 (26.9)	4 (36.4)
Total Number	263	93	21	112	26	11

* This table presents the actual number of respondents supporting each proposition, with percentages in brackets. Due to multiple responses, the totals within each group may be greater than the number of respondents.

2.3 SURVEY FINDINGS - CROSS-TABULATIONS

In Section 2.2 we considered a number of frequency tables relating to individual questionnaire items. Naturally it is also of interest to examine the statistical interactions between appropriate pairs of these variables; this section of the report goes on to explain and discuss a series of such cross-tabulations.

2.3.1 Satisfaction with the Award

Interactions between current satisfaction with award and a number of other variables were examined: age, sex, birthplace, original degree of satisfaction with the award, use of rehabilitation facilities, nature of advice on investment, use of the award and employment status. Detailed figures relating current satisfaction to the degree of satisfaction at the time of the award, and to current employment status, are presented in Tables 44 and 45 respectively. Tables pertaining to the remaining interactions mentioned above are presented in Appendix C (Tables A1 - A 6) .

In addition, the question of whether the award was made by settlement or verdict was considered in relation to satisfaction with the award at the time, and current satisfaction with the award. These results are set out in Tables 46 and 47.

The two interactions presented in Tables 44 and 45 may be summarised as follows:

- Table 44 shows the results of correlating Current Satisfaction with Award against Satisfaction with Award at the Time. As is clear from a comparison of Tables 23 and 25 above, there is in each group a substantial

number of people, originally satisfied with their award, who are now dissatisfied. The most striking decline in satisfaction is in the high-level MVC group. In the total sample, however, there were altogether 5 individuals, originally dissatisfied, who now expressed themselves satisfied with the award.

- Correlating Current Satisfaction with Award against Nature of any Employment After Accident produced no very clear pattern, though in both the medium WCC and medium MVC groups those who returned to managerial/professional jobs were most likely to be satisfied. This would seem to be readily understandable on the basis that such jobs tend to be relatively well-paid. (Table 45)

The following points might be made about Tables A1-A6 (Appendices):

- In the main, levels of current satisfaction with award did not vary to any great extent with age.
- In relation to current satisfaction with award, the only notable difference between males and females was in the two MVC groups, where in both cases women were more satisfied than men.
- The level of current satisfaction was more or less constant across all five groups (at about 1 person in 5) among those who had made some use of rehabilitation facilities. In both the medium-level MVC and the medium-level WCC group those who had not had any rehabilitation experience were more likely to be satisfied than those who had*; among both high-level MVC and high-level WCC recipients, the reverse was true.

* Possibly these tended to be people whose injuries were such that rehabilitation was not required.

- . As for birthplace, "Australians"* were more likely than "migrants"* to be currently satisfied in both medium-level categories. In the other three groups, migrants were more likely to be satisfied than Australians.

Tables 46 and 47 may be summarized as follows:

- . When levels of satisfaction with the award at the time were correlated with whether the award was made by verdict or settlement (common law cases only), it appeared that among medium-level MVC recipients, satisfaction at the time was substantially greater among those who settled out of court. The trend was the other way, however, in the other two groups. (Table 46)

Little significant difference, in any event, was found in levels of current satisfaction, when these were related to whether the award was made by settlement or verdict. However, not one of the six CL IND respondents who had settled out of court was now satisfied. (Table 47)

* For definitions, see Table 14.

Table 44: Current Satisfaction with Award in Relation to Satisfaction with Award at the Time.

PREVIOUS ATTITUDE	CURRENT ATTITUDE	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Satisfied (140)*	Satisfied	42.9* (60)*	53.8 (28)	30.8 (4)	44.4 (24)	22.2 (4)	0.0 (0)
	Dissatisfied	57.1 (80)	46.2 (24)	69.2 (9)	55.6 (30)	77.8 (14)	100.0 (3)
Dissatisfied (123)	Satisfied	4.1 (5)	0.0 (0)	0.0 (0)	5.2 (3)	0.0 (0)	25.0 (2)
	Dissatisfied	95.9 (118)	100.0 (41)	100.0 (8)	94.8 (55)	100.0 (8)	75.0 (6)
		(263)	(93)	(21)	(112)	(26)	(11)

* That is, 42.9% of the 140 respondents who were satisfied with the award at the time are currently satisfied. 60 is the actual number of respondents who fell into this category.

Table 45: Current Satisfaction with Award in Relation to Nature of Any Employment Subsequent to Accident.

OCCUPATIONAL CATEGORY	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
No Return	22.0 * (123)*	28.3 (53)	18.2 (11)	20.6 (34)	10.5 (19)	16.7 (6)
Rural Labourer	34.3 (14)	20.0 (5)	0.0 (1)	0.0 (6)	50.0 (2)	0.0 (0)
Labourer/ Process Worker	27.4 (62)	23.8 (21)	40.0 (5)	27.3 (33)	0.0 (0)	33.3 (3)
Skilled Trades	20.0 (25)	40.0 (10)	0.0 (2)	9.1 (11)	0.0 (2)	0.0 (0)
Clerical	20.0 (20)	50.0 (2)	0.0 (2)	20.0 (15)	0.0 (0)	0.0 (1)
Managerial/ Professional	52.6 (19)	100.0 (2)	0.0 (0)	53.8 (13)	33.3 (3)	0.0 (1)
	(263)	(93)	(21)	(112)	(26)	(11)

* That is, 22% of those who did not return to work are currently satisfied with the award. Here, 123 is the total number of respondents who had not returned to work.

Table 46: Satisfaction with Award at the Time in Relation to Verdict/Settlement (Common Law Matters Only)

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CI, IND
Verdict	46.7* (45)*	N/A	N/A	31.8 (22)	72.2 (18)	20.0 (5)
Settlement	51.9 (104)			52.2 (90)	62.5 (8)	33.3 (6)
	(149)			(112)	(26)	(11)

* 46.7% of those whose awards were made by Verdict were satisfied with the award at the time. 45 is the total number of Verdict case's.

Table 47: Current Satisfaction with Award in Relation to Verdict/Settlement (Common Law Matters Only)

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Verdict Vt, J, M, Q, T	20.0* (45)*	N/A	N/A	18.2 (22)	16.7 (18)	40.0 (5)
Settlement	23.1 (104)			25.6 (90)	12.5 (8)	0.0 (6)
	(149)			(112)	(26)	(11)

* 20% of those whose awards were made by Verdict are currently satisfied. 45 is the total number of Verdict cases.

2.3.2 Legal Representation and Advice

Several interactions were examined here:

The relationship between Satisfaction with Legal Advice and Birthplace.

The relationship between Satisfaction with Legal Advice and Choice of Lawyer.

Award Prediction by Lawyer in relation to Choice of Lawyer.

Comments on the Existing Systems in relation to Satisfaction with Legal Advice.

The first interaction proved to be of some interest, and the relevant figures are set out in Table 48.

- In all groups except high-level MVC recipients (where the relevant percentage figures were quite close to each other), "migrants" were less likely than "Australians" to be satisfied with the legal advice they had received.

Other figures are set out in Tables A7-A9 in the Appendices. The following points may be made in relation to Table A7:

- Where a union solicitor was used by a plaintiff in a CL IND case, not one of the relevant eight people was satisfied with the legal advice received. At the other extreme, satisfaction with the advice of a union solicitor ran at about 70% in the medium-level WCC group.
- In the few cases where a lawyer was chosen on the basis

of a professional recommendation, the respondents were in all! but one instance satisfied with the legal advice received.

Table 48: Satisfaction with Legal Advice in Relation to Birthplace

NATIONAL GROUP	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
"Australian"	75.0* (200)*	80.3 (66)	58.8 (17)	73.0 (89)	76.2 (21)	85.7 (7)
"First Generation"	40.0 (5)	0.0 (0)	0.0 (0)	40.0 (5)	0.0 (0)	0.0 (0)
"Migrant"	60.3 (58)	59.3 (27)	50.0 (4)	66.7 (18)	80.0 (5)	25.0 (4)
	(263)	(93)	(21)	(112)	(26)	(11)

* That is, 75% of "Australians" were satisfied with their legal advice. 200 is the total number of "Australian" respondents.

For definitions, see above Table 14.

2.3.3 Other Respondent Decisions

Several further issues were examined here:

The relationship between Birthplace and the decision, in common law cases, whether to Settle or proceed to Verdict.

Differences by Birthplace in use of Rehabilitation facilities, the reasons offered for their non-use, and attitudes to such facilities where used.

Choice of Lawyer in relation to Birthplace.

The relevant figures are set out in Tables 49 and 50, and in Tables A10 - A12 in the Appendices. The following points were of interest.

- There was no significant difference between "Australians" and "migrants" in relation, to the decision to settle out of court or to proceed to verdict (Table 49).
- There appeared to be no clear relationship between birthplace and the extent to which use was made of rehabilitation facilities. In the (numerically small) high-level MVC and CL IND groups, however, Australians were more likely than migrants to have had some rehabilitation treatment. (Table A10, Appendices)
- Numbers in most cells of Table 50 are too small to allow useful generalization about the relationship of birthplace to reasons for non-use of rehabilitation facilities. In the medium-level WCC group, however, it was notable that migrants tended to attribute non-use

to lack of knowledge, while Australians were more likely to say rehabilitation was unnecessary.

- Where rehabilitation facilities were used, Australians were inclined to express more negative attitudes to rehabilitation than did migrants, in both medium-level groups. (Table A11, Appendices)
- As far as use of a family solicitor was concerned, the percentage figures for Australians and migrants were very similar to each other. In the Workers' Compensation groups Australians and migrants were about equally likely to have chosen a union solicitor; in the CL IND group, however, all 4 migrant plaintiffs used a union solicitor, whereas none of the Australians did so. It seems that migrants rarely instructed a "local" solicitor. (Table A12, Appendices)

Table 49: Verdict/Settlement in Relation to Birthplace
(Common Law Matters Only)

DECISION	NATIONAL GROUP	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Verdict	Aust.	30.8*	N/A	N/A	21.3	66.7	42.9
	1st Gen.	0.0			0.0	-	-
	Migrant	33.3			16.7	80.0	50.0
Settlement	Aust.	69.2*			78.7	33.3	57.1
	1st Gen.	100.0			100.0	-	-
	Migrant	66.7			83.3	20.0	50.0
Total Numbers	Aust.	117*			89	21	7
	1st Gen.	5			5	0	0
	Migrant	27			18	5	4
		149			112	26	11

* Of the 117 "Australians", 69.2% settled out of court and 30.8% proceeded to verdict.

Table 50: Reasons for Non-Use of Rehabilitation Facilities in Relation to Birthplace

REASONS FOR NON-USE	NATIONAL GROUP	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED'	MVC HIGH	CL IND
Lack of Knowledge	Aust.	8.7*	5.1	0.0	14.0	0.0	0.0
	1st Gen.	0.0	-	-	0.0	-	-
	Migrant	36.7	56.3	100.0	16.7	0.0	0.0
Not Needed	Aust.	66.3	71.8	16.7	74.0	28.6	50.0
	1st Gen.	100.0	-	-	100.0	-	-
	Migrant	33.3	12.5	0.0	66.7	75.0	33.3
Thought Likely Useless	Aust.	28.8	30.8	66.7	16.0	71.4	50.0
	1st Gen.	33.3	-	-	33.3	-	-
	Migrant	40.0	43.8	0.0	50.0	25.0	33.3
Too Expensive	Aust.	0.0	0.0	0.0	0.0	0.0	0.0
	1st Gen.	0.0	-	-	0.0	-	-
	Migrant	3.3	6.3	0.0	0.0	0.0	0.0
Inaccess-ible	Aust.	5.8	10.3	16.7	0.0	14.3	0.0
	1st Gen.	0.0	-	-	0.0	-	-
	Migrant	3.3	0.0	0.0	0.0	25.0	0.0
Total Numbers	Aust.	104*	39	6	50	7	2
	1st Gen.	3	0	0	3	0	0
	Migrant	30	16	1	6	4	3
		137	55	7	59	11	5

* Of the 104 Australians who made no use of rehabilitation facilities, 8.7% attributed this to a lack of knowledge of their availability.

2.3.4 Employment and Other Financial Matters

A range of issues relating to the employment or financial status of respondents were examined further.

Table 51 cross-tabulates, for each group, Current Employment Status against Nature of Employment at Time of Accident, omitting respondents now aged 60 or over on the grounds that they might reasonably have left the workforce in the ordinary course of events.

- Comparing Table 51 with Table 35, it is interesting to note that about a quarter of the medium-level MVC group are in fact now aged 60 or more. Once these people are excluded, it appears that some 60% of medium-level MVC recipients are currently working, most of them full-time. 30% of respondents who were not in employment at the time of the accident (doubtless including some of the youngest victims) are currently working. As for the various occupational categories, the lowest proportion among the medium-level MVC recipients who are now working is found in the 12 people who before the accident worked in white collar/clerical jobs (42%); a further 42% of these describe themselves as now involved in Home Duties.*

As appears from a comparison with Table 35, about a third of the medium-level WCC group has reached approximate retiring age. Excluding respondents aged 60 or over, only about 37% of this group is currently in work (almost all fulltime). By definition, of course, all these respondents were working at the time of the accident. Neither in this group, nor the remaining three, did any clear pattern emerge in respect of return to work within particular occupational categories.

*With the exception of this group, relatively few of those who were previously working, but now are not, are explained by the "Home Duties" classification.

Only 3 out of the 21 respondents in the high-level WCC group needed to be excluded from Table 51 on the ground of age. The figure relating to those who have returned to work (some 33%) thus proves to be only slightly higher than the figure shown in Table 35.

In each of the CL IND and high-level MVC groups, only one person is excluded from Table 51 on the basis of age, and therefore it remains true that only about 30% of respondents are currently employed.

Because of the relatively high numbers of respondents who reported that "nothing" was left from their award, and the high numbers dependent on Social Security, it was of interest to examine whether many of those now in receipt of Social Security benefits had previously used award moneys to buy or pay off a dwelling. For the purpose of these calculations it was judged appropriate to omit from the category of Social Security beneficiary those who had, with the passage of time, become eligible for the old age pension. The relevant figures are set out in Table 52.

- It emerges that there tends to be a negative correlation between having bought a house and now being on Social Security. Of the total number of respondents surveyed, only about 13% reported both having used award moneys for house purchase, and being now on Social Security (the old age pension excluded). Some 22% were on Social Security but had not bought a house; 28% had bought a house but were not on Social Security; 37% were neither on Social Security nor had they used award moneys to buy a house.

With the single exception of the high-level MVC group, the percentage of Social Security beneficiaries among those who had spent award moneys on house purchase was

lower in all categories than the percentage of Social Security beneficiaries among the respondents as a whole. In the high-level WCC group, for example, 7 out of 13 people (53.8%) who had bought a house were on Social Security, as were 6 out of 8 people (75%) who had not bought a house. Thus, while the survey revealed a certain number of people across the various categories who had spent money on house purchase and were now dependent on Social Security, the data do not tend to support the proposition that this is a typical "strategy" employed by those who finish up on Social Security. The exceptional case is the high-level MVC group in which, as indicated above, a substantially higher percentage (39%) of house purchasers than of non-purchasers (23%) are now on Social Security. It has been suggested elsewhere in the report, however, that purchase of a dwelling may be seen as a high priority for many in this severely injured group.

Tables 53 and 54 are concerned with the situation of those who, since the accident, are unable to do any paid work. Table 53 deals with the way such respondents described themselves (pensioner, home duties etc.), with their current incomes and with their sources of income. Table 54 goes on to relate income level to source of income for the high-level MVC group which, as we have already seen, tended to exhibit a rather distinctive pattern of income and income sources.

Of those respondents who were unable to do any paid work, a large majority in both the WCC groups and in the medium-level MVC group described their present occupational status as that of "pensioner". Among the high-level MVC and CL IND groups, most described themselves as "unemployed". (Table 53(a))

- . Where income levels were stated, these non-working respondents consistently reported weekly incomes of less than \$200, with the exception of the high-level MVC category, where a few people reported incomes of \$300 a week or more. (Table 53(b))
- . Among those unable to work, dependence on Social Security (especially the invalid pension) was generally very high. Again the high-level MVC group was exceptional: here half the respondents identified investments as their sole source of income, while several others reported income from investments coupled with some form of Social Security. (Table 53(c))
- . The main point of interest to emerge from Table 54 is that there were some respondents in the high-level MVC category who reported income deriving only from investments but whose weekly incomes were still quite low - less than \$100, or between \$100 and \$199.

Table 51: Current Employment Status in Relation to Nature of Employment at Time of Accident*

PREVIOUS EMPLOYMENT CATEGORY	CURRENT EMPLOYMENT STATUS					UNEMPLOYED
	F/T WORK	P/T WORK	PENSION	STUDENT	HOME DUTIES	
(a) Total Sample (N=202)	37.6	7.4	22.3	3.0	12.9	16.8
Not Employee (N=22)	13.6	9.1	9.1	22.7	36.4	9.1
Rural Labourer (N=17)	47.1	11.8	29.4	0.0	0.0	11.8
Labourer/Process Worker (N=81)	38.2	4.9	22.2	0.0	12.3	22.2
Skilled Trade (N=49)	42.6	6.4	27.7	2.1	2.1	19.1
Clerical (N=16)	18.8	18.8	31.3	0.0	31.3	0.0
Management/Professional (N=17)	64.7	5.9	0.0	0.0	11.8	17.6
(b) WCC Medium-level (N=63)	33.3	3.2	36.5	0.0	7.9	19.0
Not Employed (N=0)	-	-	-	-	-	-
Rural Labourer (N=7)	57.1	0.0	14.3	0.0	0.0	28.6
Labourer/Process Worker (N=31)	29.0	3.2	29.0	0.0	12.9	25.8
Skilled Trade (N=21)	33.3	4.8	47.6	0.0	4.8	9.5
Clerical (N=3)	0.0	0.0	100.0	0.0	0.0	0.0
Management/Professional (N=1)	100.0	0.0	0.0	0.0	0.0	0.0

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* Respondents now aged 60 or over have been excluded from this table on the basis that they might reasonably have retired. Percentages sum across each row. N= the number of respondents originally in each employment category.

Table 51 : Continued.

PREVIOUS EMPLOYMENT CATEGORY	CURRENT EMPLOYMENT			STATUS		UNEM- PLOYED
	F/T WORK	P/T WORK	PENSION	STUDENT	HOME DUTIES	
<u>(c) WCC High-level</u> (N=18)	16.7	16.7	44.4	0.0	5.6	16.7
Not Employed (N = 0)	-	-	-	-	-	-
Rural Labourer (N=3)	0.0	33.3	66.7	0.0	0.0	0.0
Labourer /Process Worker (N=6)	16.7	0.0	83.3	0.0	0.0	0.0
Skilled Trade (N=8)	25.0	25.0	12.5	0.0	0.0	37.5
Clerical (N=0)	-	-	-	-	-	-
Management/ Professional (N=1)	0.0	0.0	0.0	0.0	100.0	0.0
<u>(d) MVC Medium-level</u> (N=86)	50.0	10.5	9.3	2.3	20.9	7.0
Not Employed (N=16)	18.3	12.5	12.5	6.3	50.0	0.0
Rural Labourer (N=5)	60.0	20.0	20.0	0.0	0.0	0.0
Labourer /Process Worker (N=31)	61.3	6.5	9.7	0.0	12.9	9.7
Skilled Trade (N=13)	76.9	0.0	0.0	7.7	0.0	15.4
Clerical (N=12)	16.7	25.0	16.7	0.0	41.7	0.0
Management/ Professional (N=9)	66.7	11.1	0.0	0.0	11.1	11.1

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Table 51: Continued.

PREVIOUS EMPLOYMENT CATEGORY	CURRENT EMPLOYMENT			STATUS		UNEM- PLOYED
	F/T WORK	P/T WORK	PENSION	STUDENT	HOME DUTIES	
<u>(e) MCHigh-level</u> (N=25)	24.0	4.0	20.0	16.0	0.0	36.0
Not Employed (N=6)	0.0	0.0	0.0	66.7	0.0	33.3
Rural Labourer (N=1)	100.0	0.0	0.0	0.0	0.0	0.0
Labourer/Process Worker (N=6)	0.0	16.7	16.7	0.0	0.0	66.7
Skilled Trade <N=5)	0.0	0.0	80.0	0.0	0.0	20.0
Clerical (N=1)	100.0	0.0	0.0	0.0	0.0	0.0
Management/ Professional (N=6)	66.7	0.0	0.0	0.0	0.0	33.3
<u>(f) CL IND</u> (N=10)	30.0	0.0	10.0	0.0	20.0	40.0
Not Employed (N=0)	-	-	-	-	-	-
Rural Labourer (N=1)	0.0	0.0	100.0	0.0	0.0	0.0
Labourer/Process Worker (N=7)	28.6	0.0	0.0	0.0	28.6	42.9
Skilled Trade (N=2)	50.0	0.0	0.0	0.0	0.0	50.0
Clerical (N=0)	-	-	-	-	-	-
Management/ Professional (N=0)	-	-	-	-	-	-

Table 52: Relationship between Use of Award for House Purchase, and Current Receipt of Social Security Benefits

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Percentage of house-purchasers who are on Social Security. ^y	31.5* (34*)	37.9 (11)	53.8 (7)	20.8 (10)	28.5 (5)	20.0 (1)
Total Number of house-purchasers	(108*)	(29)	(13)	(48)	(13)	(5)
Percentage of all respondents on Social Security	35.0 (92)	46.2 (43)	61.9 (13)	21.4 (24)	30.8 (8)	36.4 (4)
Total Respondents	(263)	(93)	(21)	(112)	(26)	(11)

Absolute numbers appear in brackets.

* That is, of the 108 people who reported using award moneys for house purchase, 34, or 31.5%, are currently on Social Security..

Table 53: Employment and Income Situation of Respondents
Unable to do. Paid Work.

(a) Current Employment Status

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Pensioner	66.7	79.4	66.7	84.2	31.3	33.3
Student	2.3	0.0	0.0	0.0	12.5	0.0
Home Tasks	4.6	2.9	8.3	5.3	0.0	16.7
Unemployed	25.3	17.6	25.0	5.3	56.3	50.0
No Response	1.1	0.0	0.0	5.3	0.0	0.0
Total Number	87*	34	12	19	16	6

* Six cases were omitted due to incomplete data,

(b) Current Weekly Income in Dollars

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Can't Say*	39.1	35.3	58.3	47.4	18.8	50.0
Nil	9.2	2.9	0.0	15.8	12.5	33.3
Less than 100	26.4	41.2	8.3	15.8	31.3	0.0
100 < 200	20.7	20.6	33.3	21.1	12.5	16.7
200 < 300	1.1	0.0	0.0	0.0	6.3	0.0
300 or more	3.4	0.0	0.0	0.0	18.8	0.0
Total Number	87	34	12	19	16	6

* As noted above, caution is needed in interpretation in view of this high non-response rate.

Table 53: Continued (Respondents Unable to do Paid Work)

(c) Sources of Non-Work Income.

	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
No Response	6.9	5.9	8.3	10.5	6.3	16.7
None	0.0	0.0	0.0	0.0	0.0	0.0
Unemployment Benefits	8.0	11.8	8.3	5.3	6.3	0.0
Old Age Pension	9.2	5.9	0.0	31.6	0.0	0.0
Invalid Pension	41.4	55.9	50.0	36.8	18.8	16.7
Invalid Pens./ Unemployment Benefits	1.1	2.9	0.0	0.0	0.0	0.0
Superannuation/ Old Age Pens.	1.1	0.0	0.0	5.3	0.0	0.0
Sickness Benefits	2.3	2.9	0.0	0.0	0.0	16.7
Other Invests. Investments Plus (Unemploy. Benefits/Old Age Pens/Invalid Pension/Social Security)	11.5	0.0	8.3	0.0	50.0	16.7
	18.3	14.7	25.0	10.5	18.8	33.4
Total Number	87	34	12	19	16	6

Table 54: Current Weekly Income in Relation to Source of Income for Respondents Prevented from Paid Work (High-level MVC only).

WEEKLY INCOME	SOURCE OF INCOME		TOTAL NUMBER*
	SOCIAL SECURITY	OTHER INVESTMENTS (INDEPENDENT OF SOCIAL SECURITY)	
Can't Say	33.3	66.7	3
Nil	100.0	0.0	1
Less than \$100	60.0	40.0	5
\$100 < \$200	50.0	50.0	2
\$200 < \$300	0.0	100.0	1
\$300 plus	33.3	66.7	3

* * Four cases were omitted due to incomplete data.

2.3.5 Financial Vulnerability and Security

We were concerned to examine whether there were particular ways in which those respondents who now seemed relatively vulnerable, in financial terms, differed from those who seemed relatively secure. In order to pursue this matter by way of cross-tabulations, certain criteria were selected as described above in section 2.2.4. Respondents were classified as "vulnerable" if their weekly income was less than \$150, and/or if they were in receipt of income-tested Social Security benefits. They were classed as "secure" if their weekly income exceeded \$300. The distribution of each of these classifications in the various award groups has been summarised in Table 42 above*.

While Table 42 indicates certain differences among the five award groups, further calculations were carried out to examine the association of relative vulnerability or security with certain factors other than category of award. Vulnerability/security was cross-tabulated with data on sex, age, degree of original satisfaction with the award, choice of verdict or settlement, nature of of injuries sustained, birthplace, uses of the award, previous occupation, comments on the system, and current satisfaction with the award. We hoped, among other things, to determine whether objective economic circumstances were in any way related to subjective satisfaction.

These interactions are presented in Tables 55 - 64, and are summarised below.

* As will be clear from section 2.2.4, the total "pool" for responses in the vulnerable category was larger than the pool for the secure category, as a result of the distribution of non-response in the relevant frequency tables. While all 263 respondents were eligible, as it were, to be vulnerable, only 176 were eligible to be secure. This is of little consequence, however, so long as what we are comparing is percentage responses in each case.

Some sex-based differences emerged, though not of a systematic kind. The most vulnerable classes of respondents here were male WCC recipients, whether medium-level or high-level, and female high-level MVC recipients. In all three cases some two-thirds of the category proved to be vulnerable. In the medium-level MVC group, vulnerability figures for males and females were very similar.

While the relevant numbers are small, it appears that males in the medium-level MVC group were more likely than most other categories of respondent to be "secure"; presumably these were men whose earning capacity was not significantly prejudiced by the accident. Only two females in the whole survey qualified as secure. (Table 55)

There was in general a tendency for vulnerability to be greater in the higher age ranges, particularly among those aged fifty or more. By the same token, nobody aged 60 or over emerged as "secure". (Table 56)

Satisfaction with the award at the time reveals no clear relationship with current financial circumstances. (Table 57)

In both MVC groups, those who had settled out of court included relatively more vulnerable respondents than those whose cases had gone to a verdict. For the high-level MVC group, however, those who had settled also accounted for relatively more of the secure. Among the few CL IND respondents, those whose cases had gone to verdict tended to be more vulnerable than those who had settled. Again, therefore, there is no clear trend. (Table 58)

- . Nature of injury shows little direct relationship to vulnerability or security across the various award categories. (Table 59)

- . In both WCC groups, "migrants" proved more likely to be vulnerable than were "Australians", In the high-level MVC and CL IND groups, however, the reverse was true. In the medium-level MVC group, figures for "Australians" and "migrants" were very similar. On the basis of this Table one might argue that migrants did not seem to be systematically disadvantaged within the common law compensation system. With only one exception, however, migrants were less likely than Australians to be secure. (Table 60)

- . The relative complexity of the ways in which individuals reported using the award makes it difficult to generalize from Table 61, There was no one form of expenditure which appeared to be related in any particularly clear way to current vulnerability.

One interesting point does emerge from the "security" figures here. Although of course the numbers in particular cells of the table are very small, there appears to be a negative correlation between security and having spent money to pay off debts. The personal interviews would suggest that what is happening here is that it is people in relatively poor financial circumstances at the time of the accident who are most likely to have to pay off debts, and who are also least likely to be secure at present.

- . In the medium-level MVC group, where all occupational categories are represented in sufficient numbers for the results to be of some interest, those originally in professional/managerial occupations proved less likely

to be vulnerable than any other group except (the few) rural labourers. Furthermore, the professionals/managers in the medium-level MVC group were substantially more likely to be secure than were those from other occupations. In the high-level MVC group, though the relevant numbers are tiny, the pattern is the same. It will be recalled (see Table 16) that professionals/managers are not well represented in the three other award categories. No other occupational category stands out in Table 62.

Table 63 is concerned with vulnerability/security in relation to the comments made by respondents about the existing compensation system. It is of some interest to note that the proportion of the secure respondents who made the comment that a lump sum gives one a fresh start was consistently higher, in all groups, than the proportion of the vulnerable who said so. With the exception of the high-level MVC category, the proportion of the vulnerable who preferred weekly payments was consistently greater than the proportion of the secure who did so; and within the high-level MVC category this was in any event a comment frequently made by both the vulnerable and the secure.

There was not much difference between the vulnerable and the secure in the likelihood of their saying that more and better information on the compensation system was required.

With the single exception of the high-level WCC group, a clear pattern emerges from Table 64, which is concerned with current levels of satisfaction. Those currently dissatisfied with their award are, in all

other award categories, more likely than the satisfied to be vulnerable; so too, those currently satisfied with their award are more likely than the dissatisfied to be secure. This trend would suggest that there was in general some realistic relationship between respondents' subjective satisfaction and their objective financial circumstances, although the statistical differences are in most cases relatively small.

Table 55; Financial Vulnerability/Security in Relation to Sex.

(a) Vulnerability

SEX	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Male	51.0* (200)	63.4 (82)	65.0 (20)	34.8 (69)	45.0 (20)	44.4 (9)
Female	34.9 (63)	36.4 (11)	0.0 (1)	32.6 (43)	66.7 (6)	0.0 (2)
Total Number Vulnerable	124	56	13	38	13	4
Total Relevant Responses	263	93	21	112	26	11

* That is, of the 200 male respondents in the survey, 51.0% were classed as vulnerable..

(b) Security

SEX	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Male	19.1* (131)	10.2 (49)	7.7 (13)	29.2 (48)	20.0 (15)	33.3 (6)
Female	4.4 (45)	0.0 (8)	- (0)	3.1 (32)	25.0 (4)	0.0 (1)
Total Number Secure	27	5	1	15	4	2
Total Relevant Responses	176	57	13	80	19	7

* That is, of the 131 males who gave relevant income data, 19.1% were classed as "secure". There were altogether 176 respondents who gave the relevant information, so that 176 is the total that appears in Tables 55(b) - 64(b).

Table 56: Financial Security/Vulnerability in Relation to Age
(a) Vulnerability.

AGE	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Under 15	50.0* (2)*	- (0)	- (0)	50.0 (2)	- (0)	- (0)
15-19	0.0 (4)	- (0)	- (0)	- (0)	0.0 (4)	- (0)
20-29	32.4 (34)	- (0)	- (0)	22.2 (27)	83.3 (6)	0.0 (1)
30-39	20.5 (44)	20.0 (5)	50.0 (4)	11.1 (27)	50.0 (6)	0.0 (2)
40-49	45.6 (57)	47.6 (21)	58.3 (12)	40.0 (15)	40.0 (5)	25.0 (4)
50-59	60.7 (61)	70.3 (37)	100.0 (2)	33.3 (15)	50.0 (4)	66.7 (3)
60 plus	65.6 (61)	63.3 (30)	66.7 (3)	65.4 (26)	100.0 (1)	100.0 (1)
Total Number Vulnerable	124	56	13	38	13	4
Total Relevant Responses	263	93	21	112	26	11

* That, is, of the 2 people aged under 15 included in the survey, 50% were "vulnerable".

Table 56: (Continued)

(b) Security

AGE	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Under 15	0.0* (2)	- (0)	- (0)	0.0 (2)	- (0)	- (0)
15-19	33.3 (3)	- (0)	- (0)	- (0)	33.3 (3)	- (0)
20 - 29	22.2 (27)	- (0)	- (0)	22.7 (22)	0.0 (4)	100.0 (1)
30 - 39	33.3 (33)	33.3 (3)	0.0 (3)	45.0 (20)	20.0 (5)	0.0 (2)
40 - 49	17.5 (40)	25.0 (16)	14.3 (7)	0.0 (11)	33.3 (3)	33.3 (3)
50-59	5.1 (39)	0.0 (22)	0.0 (2)	9.1 (11)	33.3 (3)	0.0 (1)
60 plus	0.0 (32)	0.0 (16)	0.0 (1)	0.0 (14)	0.0 (1)	- (0)
Total Number Secure	27	5	1	15	4	2
Total Relevant Responses	176	57	13	80	19	7

* That is, of the 2 respondents aged under 15. who gave income information, none were classed as "secure".

Table 57: Financial Vulnerability/Security in Relation to Satisfaction with Award at the Time.

(a) Vulnerability

SATISFACTION THEN	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Satisfied	45.7* (140)*	61.5 (52)	53.8 (13)	27.8 (54)	44.4 (13)	66.7 (3)
Dissatisfied	48.8 (123)	58.5 (41)	75.0 (8)	39.7 (58)	62.5 (13)	25.0 (8)
Total Number Vulnerable	124	56	13	38	13	4
Total Relevant Responses	263	93	21	112	26	11

* That is, of the 140 respondents who were satisfied with their award at the time, 45.7% were "vulnerable".

(b) Security

SATISFACTION THEN	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Satisfied	20.4* (93)*	17.2 (29)	0.0 (9)	24.4 (41)	33.3 (12)	0.0 (2)
Dissatisfied	9.6 (83)	0.0 (28)	25.0 (4)	12.8 (39)	0.0 (7)	40.0 (5)
Total Number Secure	27	5	1	15	4	2
Total Relevant Responses	176	57	13	80	19	7

* That is, of the 93 respondents who were satisfied with their award at the time, and who provided income information, 20.4% were "secure".

Table 58: Financial Vulnerability/Security in Relation to Verdict/Settlement (Common Law Matters Only)

(a) Vulnerability

DECISION BASIS	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Verdict	33.3* (45)	N/A	N/A	18.2 (22)	44.4 (18)	60.0 (5)
Settlement	38.5 (104)			37.8 (90)	62.5 (8)	16.7 (6)
Total Number Vulnerable	55			38	13	4
Total Relevant Responses	149			112	26	11

* That is, in 33.3% of the 45 Verdict cases, the recipient is now "vulnerable".

(b) Security

DECISION BASIS	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Verdict	20.7* (29)	N/A	N/A	18.8 (16)	18.2 (11)	50.0 (2)
Settlement	19.5 (77)			18.8 (64)	25.0 (8)	20.0 (5)
Total Number Secure	21			15	4	2
Total Relevant Responses .	106			80	19	7

* That is, 20.7% of the 29 Verdict cases who gave relevant income information, are currently "secure".

Table 59: Financial Vulnerability/Security
Relation to Nature of Injuries

(a) (Vulnerability)

INJURY	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Para- plegic	50.0 * (6) *	- (0)	- (0)	- (0)	50.0 (6)	- (0)
Quadri- plegic	66.7 (6)	- (0)	- (0)	- (0)	66.7 (6)	- (0)
Other Back	53.8 (119)	61.4 (70)	57.1 (14)	35.5 (31)	- (0)	50.0 (4)
Head/ Brain	34.0 (47)	100.0 (1)	100.0 (4)	22.6 (31)	40.0 (10)	0.0 (1)
Other	43.5 (85)	54.5 (22)	33.3 (3)	40.0 (50)	50.0 (4)	33.3 (6)
Total Number Vulnerable	124	56	13	38	13	4
Total Relevant Responses	263	93	21	112	26	11

*That is, 50% of the 6 paraplegics in the study are "vulnerable".

Table 59: (Continued)

(b) Security

INJURY	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Paraplegic	20.0* (5)	- (0)	- (0)	- (0)	20.0 (5)	- (0)
Quadriplegic	25.0 (4)	- (0)	- (0)	- (0)	25.0 (4)	- (0)
Other Back	10.7 (75)	6.8 (44)	11.1 (9)	15.0 (20)	- (0)	50.0 (2)
Head/Brain	21.6 (37)	0.0 (1)	0.0 (3)	28.0 (25)	14.3 (7)	0.0 (1)
Other	16.4 (55)	16.7 (12)	0.0 (1)	14.3 (35)	33.3 (3)	25.0 (4)
Total Secure Responses	27	5	1	15	4	2
Total Relevant Responses	176	57	13	80	19	7

* That is, of the 5 paraplegics who gave relevant income information, 20.0% are currently "secure".

Table 60: Financial Vulnerability/Security in Relation to Birthplace.

(a) Vulnerability

BIRTH PLACE	TOTAL, SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Australian	45.5* (200)	56.1 (66)	52.9 (17)	34.8 (8.9)	52.4 (21)	42.9 (7)
1st Generation	20.0 (5)	- (0)	- (0)	20.0 (5)	- (0)	- (0)
Migrant	55.2 (58)	70.4 (27)	75.0 (4)	33.6 (18)	40.0 (5)	25.0 (4)
Total Number Vulnerable	124	56	13	38	13	4
Total Relevant Responses	263	93	21	112	26	11

* That is, of the 200 Australian respondents in the survey, 45.5% are now classed as "vulnerable".

(b) Security

BIRTH PLACE	TOTAL, SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Australian	18.0* (133)	12.5 (40)	0.0 (10)	20.3 (64)	26.7 (15)	50.0 (4)
1st Generation	0.0 (4)	- (0)	- (0)	0.0 (4)	- (0)	- (0)
Migrant	7.7 (39)	0.0 (17)	33.3 (3)	16.7 (12)	0.0 (4)	0.0 (3)
Total Number Secure	27	5	1	15	4	2
Total Relevant Responses	176	57	13	80	19	7

* That is, of the 133 Australian respondents who gave relevant income information, 18.0% are now classed as "secure".

Table 6 1 : Financial Vulnerability/Security in Relation to Use of Award

(a) Vulnerability

USE OF MONEY	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
House Purch	42.6 * (108) *	55.2 (29)	53.8 (13)	29.2 (48)	61.5 (13)	20.0 (5)
House Improve	60.7 (56)	64.0 (25)	80.0 (5)	50.0 (16)	71.4 (7)	33.3 (3)
Bank Invest	48.6 (107)	55.2 (29)	66.7 (12)	60.0 (45)	47.1 (17)	50.0 (4)
Shares	25.0 (8)	40.0 (5)	0.0 (1)	0.0 (2)	- (0)	- (0)
Car/boat Caravan	50.0 (32)	42.9 (7)	100.0 (3)	35.7 (14)	62.5 (8)	- (0)
Overseas Trip	52.9 (17)	83.3 (6)	100.0 (1)	33.3 (9)	- (0)	0.0 (1)
Aust Trip	50.0 (6)	100.0 (3)	- (0)	0.0 (3)	- (0)	- (0)
Social Sec. Debt	56.0 (25)	40.0 (5)	- (0)	66.7 (12)	33.3 (6)	100.0 (1)
Other Debts	58.2 (55)	76.0 (25)	100.0 (1)	33.3 (21)	80.0 (5)	33.3 (3)
Other	44.4 (36)	60.0 (10)	0.0 (1)	38.9 (18)	60.0 (5)	0.0 (2)
Total Number Vulnerable	124	56	13	38	13	4
Total Relevant Responses	263	93	21	112	26	11

* That is, 42.6% of the 108 respondents who spent award moneys on house purchase are now "vulnerable". Multiple answers to this question were possible.

Table 61: (Continued)

(b) Security

USE OF MONEY	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
House Purchase	16.9* (77)	14.3 (21)	0.0 (7)	17.1 (35)	30.0 (10)	25.0 (4)
Home Improvements	14.0 (43)	11.8 (17)	0.0 (3)	13.3 (15)	16.7 (6)	50.0 (2)
Bank Investments	13.5 (74)	5.6 (18)	0.0 (7)	18.8 (32)	15.4 (13)	25.0 (4)
Shares	20.0 (5)	33.3 (3)	- (0)	0.0 (2)	- (0)	- (0)
Car/Boat/Caravan	18.2 (22)	0.0 (3)	0.0 (2)	20.0 (10)	28.6 (7)	- (0)
Overseas Trip	28.6 (14)	0.0 (5)	0.0 (1)	42.9 (7)	- (0)	100.0 (1)
Australian Trip	50.0 (4)	0.0 (2)	- (0)	100.0 (2)	- (0)	- (0)
Social Security Debts	17.6 (17)	0.0 (3)	- (0)	11.1 (9)	50.0 (4)	0.0 (1)
Other Debts	0.0 (37)	0.0 (17)	0.0 (1)	0.0 (13)	0.0 (3)	0.0 (3)
Other	18.2 (22)	16.7 (6)	0.0 (1)	18.2 (11)	0.0 (3)	100.0 (1)
Total Number Secure	27	5	1	15	4	2
Total Relevant Responses	176	57	13	80	19	7

* That is, of 77 respondents who gave relevant income data and who purchased a home with the award money, 16.9% are now "secure".

Table 62: Financial Vulnerability/Security in Relation to Nature of Employment at Time of Accident.

(a) Vulnerability

OCCUPATION	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Not Employed	38.2* (34)*	- (0)	- (0)	37.0 (2.7)	42.9 (7)	- (0)
Rural Labourer	35.0 (20)	42.9 (7)	50.0 (4)	14.3 (7)	0.0 (1)	100.0 (1)
Labourer/ Process Worker	53.3 (105)	63.3 (49)	83.3 (6)	36.1 (36)	66.7 (6)	37.5 (8)
Skilled Trade	51.5 (66)	57.6 (33)	55.6 (9)	35.3 (17)	80.0 (5)	0.0 (2)
Clerical	52.9 (17)	100.0 (3)	- (0)	38.5 (13)	100.0 (1)	- (0)
Manager/ Professional	23.8 (21)	0.0 (1)	50.0 (2)	25.0 (12)	16.7 (6)	- (0)
Total Number Vulnerable	124	56	13	38	13	4
Total Relevant Responses	263	93	21	112	26	11

* That is, 38.2% of the 34 who were not employed at the time of the accident are now vulnerable.

Table 62: (Continued)

(b) Security

OCCUPATION	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Not Employed	4.3* (23)	- (0)	- (0)	0.0 (18)	20.0 (5)	- (0)
Rural Labourer	37.5 (8)	100.0 (2)	0.0 (2)	33.3 (3)	0.0 (1)	- (0)
Labourer/ Process Worker	12.3 (73)	3.2 (31)	20.0 (5)	17.9 (28)	25.0 (4)	20.0 (5)
Skilled Trade	15.9 (44)	9.1 (22)	0.0 (5)	36.4 (11)	0.0 (4)	50.0 (2)
Clerical	0.0 (15)	0.0 (2)	- (0)	0.0 (12)	0.0 (1)	- (0)
Manager/ Professional	53.8 (13)	- (0)	0.0 (1)	62.5 (8)	50.0 (4)	- (0)
Total Number Secure	27	5	1	15	4	2
Total Relevant Responses	176	5.7	13	80	19	7

* That is, of the 23 respondents who were not employed at the time of the accident, and who gave relevant income information, 4.3% are now "secure".

Table 63: Financial Vulnerability/Security in Relation to Comments on the Existing Systems

COMMENT	FINANCIAL STATUS	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Don't Know	Vulnerable	12.9 * (16)**	14.3 (8)	15.4 (2)	7.9 (3)	0.0 (0)	75.0 (3)
	Secure	0.0 (0)	0.0 (0)	0.0 (0)	0.0 (0)	0.0 (0)	0.0 (0)
None	Vulnerable	3.2 (4)	3.6 (2)	0.0 (0)	5.3 (2)	0.0 (0)	0.0 (0)
	Secure	7.4 (2)	20.0 (1)	0.0 (0)	6.7 (1)	0.0 (0)	0.0 (0)
Better Advice Investment	Vulnerable	26.6 (33)	19.6 (11)	38.5 (5)	26.9 (11)	46.2 (6)	0.0 (0)
	Secure	40.7 (11)	40.0 (2)	100.0 (1)	40.0 (6)	25.0 (1)	50.0 (1)
Weekly Payments Better	Vulnerable	32.3 (40)	35.7 (20)	23.1 (3)	26.3 (10)	46.2 (6)	25.0 (1)
	Secure	14.8 (4)	0.0 (0)	0.0 (0)	6.7 (1)	75.0 (3)	0.0 (0)
Too Long A Delay	Vulnerable	33.9 (42)	32.1 (18)	46.2 (6)	26.3 (10)	61.5 (8)	0.0 (0)
	Secure	37.0 (10)	20.0 (1)	100.0 (1)	46.7 (7)	25.0 (1)	0.0 (0)
Information on System Needed	Vulnerable	40.3 (50)	23.2 (13)	76.9 (10)	42.1 (16)	61.5 (8)	75.0 (3)
	Secure	44.4 (12)	20.0 (1)	100.0 (1)	40.0 (6)	50.0 (2)	0.0 (0)
Life Expectancy Inappropriate	Vulnerable	7.3 (9)	3.6 (2)	15.4 (2)	10.5 (4)	7.7 (1)	0.0 (0)
	Secure	7.4 (2)	0.0 (0)	0.0 (0)	6.7 (1)	25.0 (1)	0.0 (0)

Continued over page

* That is, 12.9% of the 124 respondents classified as vulnerable gave a "Don't know" response. Multiple responses to this question were possible.

** Absolute numbers represented by the percentages are given in brackets, in view of the low response rates in certain categories.

Table 63: Continued.

COMMENT	FINANCIAL STATUS	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Lump Sum Reduces invasion	Vulnerable	5.6 (7)	3.6 (2)	23.1 (3)	0.0 (0)	15.4 (2)	0.0 (0)
	Secure	11.1 (3)	0.0 (0)	100.0 (1)	6.7 (1)	25.0 (1)	0.0 (0)
Lump Sum Helps A Fresh Start	Vulnerable	25.0 (31)	17.9 (10)	38.5 (5)	36.8 (14)	15.4 (2)	0.0 (0)
	Secure	51.9 (14)	40.0 (2)	100.0 (1)	53.3 (8)	50.0 (2)	50.0 (1)
Total Numbers	Vulnerable	124 *	56	13	38	13	4
	Secure	27	5	1	15	4	2

Table 64: Financial Vulnerability/Security in Relation to Current Satisfaction with Award.

(a) Vulnerability

CURRENT SATISFACTION	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Satisfied	41.5* (65)	53.6 (28)	100.0 (4)	25.9 (27)	25.0 (4)	0.0 (2)
Dissatisfied.	49.0 (198)	63.1 (65)	52.9 (17)	36.5 (85)	54.5 (22)	44.4 (9)
Total Number Vulnerable	124	56	13	38	13	4
Total Relevant Responses	263	93	21	112	26	11

* That is, of 65 respondents who are currently satisfied with their award, 41.5% are "vulnerable".

(b) Security

CURRENT SATISFACTION	TOTAL SAMPLE	WCC MED	WCC HIGH	MVC MED	MVC HIGH	CL IND
Satisfied	23.1* (39)	20.0 (15)	0.0 (2)	22.2 (18)	33.3 (3)	100.0 (1)
Dissatisfied	13.1 (137)	4.8 (42)	9.1 (10)	17.7 (62)	18.8 (16)	16.7 (6)
Total Number Secure	27	5	1	15	4	2
Total Relevant Responses	176	57	13	80	19	7

* That is, 23.1% of 39 respondents who gave relevant income information, and who are satisfied with their award are currently "secure".

2.4

DETAILED CASE STUDIES

Note: The case studies set out below are based on information provided in interviews of injured people who received large lump sums. While some facts could be independently checked from G.I.O. or Workers' Compensation records (for example, the amount of the lump sum received), this was not the case for all information provided by the victim. Thus the case studies represent the accident victim's perceptions of his or her present situation, and of the operation of the system.

CASE NO. 1 COMMON LAW MOTOR VEHICLE COMPENSATION

A. came to Australia from Lebanon with his family at the age of three. In 1974, at the age of six, he was hit on a pedestrian crossing and sustained a fractured skull and broken leg. In 1976 he received \$100,000 by verdict as compensation.

After the accident he spent six weeks in hospital, and visited the doctor several times thereafter. A. visited the hospital for approximately two years after the accident, on an irregular basis as an outpatient. He appears to have recovered almost completely from the accident. He is a tall sixteen year old, slim and athletic looking. He has a slightly awkward, walk but is not otherwise affected by the accident. There are four other boys in the family and A.'s father commented that he does very well at school. Of the whole family "A. is the best". The father showed evident affection and admiration for the boy, and comments suggest that the family is a happy one.

After the accident, A.'s parents went straight to a solicitor, known to them, who is also Lebanese. He handled police inquiries, gave them details of the accident, and mentioned to A.'s parents that he should expect to get some sizeable compensation. A specific sum was suggested only at the time of the case. A.'s family decided, on the advice of their solicitor, to proceed, to a verdict. All negotiations were handled through their solicitor and barrister, and they were not sure what sums had been initially suggested by the G.I.O. as a potential basis for settlement. A's parents knew nothing about the basis for the verdict or the heads of damage according to which the sum was awarded. They said this was not mentioned in court. They were confident, however, that the decision was not based on any alteration on the life expectancy of A. They were happy with the sum of money which they received at the time, commenting that they understand they got the full \$100,000 free of all medical and legal costs. They are still satisfied with the sum awarded. They may not be entirely correct in their assessment that they received the full \$100,000 since this was paid directly to the Public Trustee.

The money was awarded some three years after the accident, but this did not cause any difficulties, since A.'s medical expenses were paid by the G.I.O. His life was not severely disrupted, and he made a good recovery. A.'s father commented that he appeared to be improving greatly by the time of the case in 1976.

CASE NO. 1 (Continued)

A . ' s family did not seek advice on how to invest the money, since the Judge simply stated that the money was to be placed with the Public Trustee. Over the years, A . ' s father and the family's solicitor who handled the matter have held meetings with the Public Trustee. This is still the case, and the family approaches the Public Trustee whenever A . needs additional funds for a particular purpose. The interest on the money is used to pay for any expenses incurred by A . , to pay for his schooling, and to give him a small income. He has returned to Lebanon in the past year for a holiday, using the interest from the money. The income derived from the fund appears to be approximately \$160.00 per week, and. A . ' s father believes that the sum is earning approximately 12% interest. A . ' s father also believes that the full amount is still intact.

A . is in high school, and looks forward to the future with optimism and energy. He believes that he is in no way handicapped by the accident in the past, and. can do anything other boys can do. He comments that he "doesn't even notice a problem with the leg " .

The family still own a house south-west of Tripoli, and plan to return to Lebanon in the years to come. A . ' s father is a well-respected member of the Lebanese community, being President at the local mosque. He works full-time on shift work, something akin to a night watchman's position. A . ' s mother also works as a process worker, and the family seems comfortable. A . ' s mother did not work outside the house until recently, being too busy with the boys. She works for interest as well as for the money. A . and his father were very happy with the way in which the case was handled, they can suggest no changes to the system, and they live in a pleasant, well-kept and well equipped, though not wealthy house, in a working-class western suburb of Sydney.

- Immigrant family
- Good understanding of legal process
- Sum awarded by verdict
- Good solicitor
- Friendly, positive, easy to interview
- Financially secure, respected family
- Complete recovery - slight limp

CASE NO. 2 COMMON LAW MOTOR VEHICLE COMPENSATION

B . is Yugoslavian, and came to Australia in 1970 with his parents when he was two years old. At the age of four in 1972 he was hit by a car while playing at the edge of the road. He was taken to Camperdown Children's Hospital immediately, and has remained there ever since, having sustained spinal injuries causing paraplegia at the time of the accident. He has been attending a special school at the hospital during these years, and living in apparently dormitory-like accommodation. He must leave the hospital when he turns sixteen next birthday. Over the years, his parents have visited him in hospital, and he has come home to his parents at weekends on an irregular basis. The decision to accommodate B . in the hospital appears to have been partly due to the fact that his parents' house is not suitable for him, requiring as he does a wheelchair and special facilities.

The parents have little English, and information obtained was gained in part from an official at the Department of Immigration, who has helped in interpreting for the family in the past, and who knew something of the details of the case. The father himself was only able to answer questions through a neighbour who acted as interpreter. He seemed to know little about the case at the time, and to have forgotten much of what he must have known. In addition, both he and B ' . ' s mother were extremely distressed by the discussion and the interview, and the mother at times broke into tears in the presence of a younger child, who attempted to calm her. B . ' s photograph is placed, prominently in the home, and also appears to evoke a strong emotional reaction. The mother describes B . at the moment as "being on a trolley."

About one month after the accident, B . ' s parents saw a solicitor on the recommendation of a friend. They cannot remember exactly what happened, but think that the solicitor spoke to the local police station and gave an account of the accident. The solicitor appears to have given them little advice at any stage, and B . ' s father mentioned that the advice did not change as the case proceeded. He was of the opinion that a sum of money in compensation was first suggested a few months before the case, but was uncertain what amount was actually mentioned. B . was actually awarded by verdict \$159,000, of which his father believes they received \$150,000. \$9,000 may have been taken as legal expenses, since the medical bills were paid by the G.J.O. during the years, or so B . ' s father believes. The case was

CASE NO. 2 (Continued)

listed approximately four years after the accident, by which time B. ' s condition would have stabilised. B. ' s parents were satisfied with the amount at the time, but are not satisfied now, only because as Mrs B. puts it "what can he do? He will be on a trolley". B. ' s parents emphasised repeatedly that it was not the lack of money which upset them, but the fact that this could in no way compensate for the injuries which B. had suffered.

The full amount awarded was placed with the Public Trustee in 1976. The interest on this money has been used to cover medical expenses over the years, presumably largely the cost of maintaining B. at the hospital. B. ' s father comments that the Public Trustee releases funds as required.. It seems that the Public Trustee will make money available for the purchase or renovation of a house for B. when he leaves the hospital next year. Until B. turns eighteen, the rest of the money will be held in trust. B. ' s parents are uncertain whether they will renovate their current home, buy another house, or buy a block of land and build a house. They meet with the Public Trustee every fortnight or so to obtain money as necessary. These meetings take place in the presence of a staff member from the Department of Immigration, who is needed for interpretation. B. ' s parents are very worried about what to do when B. leaves the hospital, and about the decision as to whether to renovate, buy or to build a house. Their existing house is small, cramped, includes many steps, small hallways and tiny rooms. They need advice on the matter, but do not realise this. It seems unlikely that the 'Public Trustee will do more than approve any house that they decide to purchase, or the plans for a house they might build. They have been told there will be "plenty of money there for whatever they want to do". It would seem a bad mistake to allow B. ' s parents to renovate their existing house. Such renovations are likely to be inordinately expensive, and will result in over-capitalization, of the land. The house is in a poor street in a working-class suburb to the south of Sydney, and the area appears to be a predominantly Yugoslav enclave. Even the interpreter at the interview had little English.

The parents have little knowledge of the legal process, and could make no comments on the system. Nor do they understand what has happened to the money. They do not know how it has been invested, nor how much is left. They did not seem to understand the concept of interest, but judging from the limited use of the funds, apart from expenses incurred by permanent hospitalization, and assuming

CASE NO. 2 (Continued)

that the money has been invested at about 12% per annum, an amount close to the original sum would still remain in trust.

As to B. ' s future, his parents seem reluctant to think constructively ahead. Any discussion about what B. might do produces emotional disturbance, and a recounting of the details and aftermath of the accident. A staff member of the Department of Immigration has held lengthy discussions with B. ' s father, assuring him that B. can carry out clerical and secretarial duties, there being no brain damage. B. also appears to do quite well in school. B. ' s father insists that the boy need not work, and the staff member at the Department of Immigration suspects that this may well be the outcome of the case. B. is likely to be kept at home, protected from the world, and cared for by his parents.

B. ' s father works in a factory on variable shifts, the mother does not appear to work, and seems hopeless and unhappy. They live in a very poor and closed area. The house is well-equipped in terms of furniture and electrical appliances, but would be worth very little. B. ' s parents have other children to support, all of school age.

- Immigrant family
- Little English: thus information difficult to obtain and uncertain
- Isolated from Australian community at large
- Little knowledge or understanding of the legal process
- Compensation amount decided by settlement
- Severe and permanent disability - wheelchair

CASE NO. 3 - COMMON LAW MOTOR VEHICLE COMPENSATION

J . was a twenty-six year old machine mechanic at the time of a motor vehicle accident which left him a paraplegic in 1975. He was married with two children and a dependent wife. After ten months in a spinal unit immediately after the accident, he returned to work at a specially prepared bench with his old company. As a paraplegic and able to work in 1976. he settled, after three offers from the G.I.O., for \$210,000 unreduced by contributory negligence, which was not an issue. He finally received \$186,000 after expenses. Mr J. says that he "wouldn't have settled for this if I 'd known I wouldn't get the full amount". He was not happy with his lawyers for failing to advise him realistically of what he could expect to receive of the full amount. Three years after the settlement, in 1979, a cyst developed in his spinal cord. He has, since this time, suffered a gradual loss of function in one arm and hand. He has undergone three operations to remove the cyst, and his doctor tells him he can do nothing more. J. has been unable to work for just over one year.

J. was divorced shortly after he received his lump sum, and he has remarried a girl whom he met at work. With the \$186,000 from the settlement he bought a specially fitted car, invested in second mortgages, and subsequently built and paid for outright the house in which he now lives. He also repaid Social Security debts of "several thousand dollars" which he had incurred during his time in the Spinal Unit. Increasingly, he found it necessary to use the money remaining after the purchase to pay for general living expenses and medical costs. Additionally, in the last three years, he has had operations costing over \$20,000. He paid \$82.00 per month in medical insurance premiums, 'but incurred additional costs which were not covered, e.g. wheelchair and accessories, and medicines. He has recently become eligible for an Invalid Pension which pays him \$124.00 per week and he holds a Pensioner Health Card. He says that he has none of the original money left, although a few years ago he had too much money to be eligible for the pension. He is now no longer able to afford a full-time nurse, and his wife, who is of slight build, does all that is necessary. She no longer works.

They live in a large, airy, and pleasant house in a fringe suburb of a city close to Sydney. J. sees his two children from the previous marriage occasionally, his former wife still living in the first house in the same suburb as J. While the second wife seems efficient, caring and willing to do all she can, both J. and his second wife are concerned that the effort may become "too much for her". Their present standard of living, in the sense of a pleasant house and reliable car, is good, but their principal concern is that the future

CASE NO. 3 (Continued)

degeneration of J.'s arms may leave him incapable of moving either arm. Moreover, the bills are increasing for daily living costs, and they both feel they may have to sell the house soon in order to meet these costs. J. is particularly bitter about the fact that he was compensated for paraplegia, yet now is a virtual quadraplegic. He believes that some re-assessment of the medical condition of victims with major injuries should be possible, and that modification of medical cost allowances should be made.

J. believes that he did not make maximum use of the rehabilitation facilities which were available at the time, because he thought that he would be able to go back to work. He also believes that he would have been far tougher in the amount he settled for if he had known of his future deterioration. He may also have decided rather differently on the purchase of the house he now lives in, being less inclined to take money out of investments which were returning him some income. He used to receive cheques of approximately \$250.00 per month while his money was invested in second mortgages and financial institutions.

- Qualified tradesman, compensated for paraplegia but subsequently developing quadraplegia
- Sensible investment in secure mortgages and subsequent purchase of own house
- No sum of money remaining for income
- Dependence on an Invalid Pension, with dependent spouse as full-time nurse
- First marriage terminated in divorce, but contact still possible with children
- Bitterness about the legal advice he received at the time of the case and about the amount of money he received
- Concern about the future, particularly potential deterioration of his medical condition

CASE NO. 5 - COMMON LAW MOTOR VEHICLE COMPENSATION

Mrs E. , a housewife, became a paraplegic in a car accident at the age of fifty-two in 1974. She settled for \$100,000 in compensation, on her solicitor's advice. Of this sum she actually received \$86,000. She was distressed at the discrepancy when she learnt of it after the case was finalized, and says she was not told of this beforehand.

Mrs E. was married at the time of the accident, with a grown-up family. She did not work, and her husband was three years off retirement. They approached a lawyer within two months of the accident, but he did not give very much advice. Her husband has since retired, and since that time has nursed her constantly. This has led to his developing a hernia in the last year. He is a man of slight build, and Mrs E. is much heavier. Mr E. has recently had an operation for his hernia, and for the last eight months, Mrs E. has had to rely on community nursing, and on other family members for all her care.

The money from the settlement was invested in a number of financial institutions, mainly building societies. Mr and Mrs E. have lived on the interest from these monies together with his pension, since his retirement. Mrs E. says that her husband earns approximately \$50.00 per week, and she approximately \$100.00 per week in interest from the monies invested. The lump sum was also used to purchase a car which was suitable for Mrs E. 's use, and also to modify the house to better meet her needs. The house is pleasant, and in a lower middle class suburb of a large city close to Sydney. Mrs E. says that she was totally ignorant of the process at the time of the case, and accepted the money she was offered because her solicitor told her that might be all she would get. She has been gradually using up the principal for additional medical costs and related expenses which were not foreseen at the time of the hearing. These are high, and she now needs professional nursing and additional accessories related to her disability. Medical and nursing costs are estimated at \$40.00 per week, these not being covered by medical insurance. Mr E. pays \$80.00 per month for full cover for both himself and his wife. The principal is gradually being eroded, although approximately \$60,000 still remains, invested at about 12% per annum.

Mrs E. is worried greatly about the gradual deterioration in her arms, and fears that she may end up a quadraplegic. She is also bitter that she cannot obtain her medicines at a reduced rate. She is upset and angry that she is not eligible for a pension.

Mrs E. comments that if she hadn't been looked after by her husband while she was waiting for the money, she would have been destitute. She received no other income at this time,

CASE NO. 5 (Continued)

and thinks that she was not eligible for any other income. She believes that her bills were paid by the G.I.O. during this time. She comments that she spent a "miserable and dreadful time in hospital" and that the worry of the case put a great strain on her. She believes that some possibility of future re-assessment of medical conditions should be available after the settlement, feeling that "you don't know how things will go. This is the worst of it". She found the physiotherapy which she received to be useless, and found her legal advisers to be not as helpful as they should have been.

- Believes weekly pension would be better
- Feels great guilt about injuries to her husband in looking after her
- Did not know of a solicitor at the time, and remains ignorant of the process
- Is emotional about the accident itself and the effect on her husband
- Feels generally "miserable" and worried about the future
- Believes re-assessment should be possible some years after the case
- Her condition appears to be deteriorating, and she seems likely to lose the use of her arm.

CASE NO. 7 MOTOR VEHICLE ACCIDENT COMPENSATION

M. was a trained osteopath, but was working as a dog handler and trainer in a major city close to Sydney at the time of the accident in 1972. He was 33, and earning "as much money as he could want". He suffered spinal injuries, neck and head injuries, loss of fingers on one hand and severe damage to one leg. He was awarded by verdict \$124,000 of which he received \$119,000. The doctor attending him had always refused amputation of the leg which continued for four years to be badly ulcerated, infected and swollen to three times its normal size. M. was obliged, during these four years, to purchase two sets of leg irons. He was ultimately walking on one ankle, at an angle of 45°, in constant pain, and with pressure being put on his spine. He ultimately had this leg amputated, the Judge adjourning the hearing until this was completed, at Mr L's request.

Immediately after the accident, M. had moved to a hostel and rented his house to provide an income. Because of this, his Social Security payments were reduced to an equivalent of \$15.00 per week. None of his treatment or medicine was covered, and he ran up medical bills totalling \$11,000. He borrowed from his girlfriend, from his family and from a good friend. By the time of the court case in 1976, he owed \$12,000.

M. faced similar difficulties with his legal advisers. He had approached a solicitor soon after the accident. M says that his solicitor told him early in the piece he could expect \$20,000 in compensation. His barrister was "pushed" by M. to ask for more than this from the G.I.O. on the day of the hearing. The barrister came to M. and told him that he had "managed to get them to go to \$50,000", and that he had accepted on M.'s behalf. M. told him that he would not accept this amount. M. reports that the barrister was most upset, and only when M. told him that he, M., would obtain another barrister was the barrister willing to proceed. M. "believed all along" that his injuries were worth at least \$120,000. M. went to court after his amputation and the fitting of an artificial leg.

Following the amputation of his leg, M. went to a rehabilitation hospital for a new leg. His attitude was always one of getting back to work as soon as he could. He stated when he went to the centre that he would be out in six weeks. In order to achieve this, he had to "push the administration constantly". "I was ignored, until results of intelligence tests indicated my I.Q. was very superior". Until that time, it was suggested that he "might do basketweaving, and manufacture leather straps". When he succeeded in obtaining release, he says that other inmates were solicitous as to what he had "done wrong" in order to be pushed out so soon. M. comments that the rehabilitation centre in question had wonderful facilities and

CASE NO. 7 (Continued)

well trained staff, but that "because of the wish of staff to remain at the institution and the need to 'pander to' the inmates, the patients continue to be treated like first-class invalids and no effort is made to push them out of the institution".

M. believes that he was treated like an imbecile from start to finish, until evidence of his intelligence became apparent. The barrister completely ignored him until confronted with this at the hearing. His doctor ignored his complaint about his leg for four-years. M. also believes that he would have got more in the hearing had he said that he would not be able to work again. Instead of this, he adopted a highly positive attitude, and told the judge that he would be working within a year. He criticized all aspects of the system, talked about the hierarchical structure of the medical and legal professions, and the attitude presumably experienced, by most people thrown into the system, of "superiority, non-communication, and general lack of interest" fairly apparent in those professions. M. is now forty-four, says that he looks as old as his father whereas prior to the accident he looked like a twenty-five year old. He believes that he will only be able to work for another ten years (he is practising as an osteopath again), and is very angry, rather than bitter, about the whole system. He has married since the accident (to the woman who supported him financially until the time of the settlement), is doing well financially, has invested wisely in real estate, lives in a large old colonial home in a major town, and could not be said to be poor. However, he is clearly the type of person who would have been in an even better position had he not suffered this accident. He is now earning approximately \$50,000 per annum with the help of his wife, and has "a couple of properties" from which he draws rental incomes. He would not disclose further details. He is not destitute, but then as he puts it, neither should he be. He is a well-qualified, intelligent and energetic man, who would have had "no idea how unjust society was" had this not happened. He continues to incur medical expenses due to his injuries, but could not assess their relationship to the costs predicted at the time of the case.

He believes that for people such as himself who are not eligible for Social Security, the insurance companies should continue to pay basic wages until the settlement. He believes that during this time, one is placed even lower down the social ladder than a second-class citizen;... "You are completely outside society, you've lost your life through no fault of your own". He believes he suffered badly at the hands of doctors, who "kept him waiting for hours and days, and who failed to keep appointments, even when he had had to spend \$6 on taxi fares to get to appointments". His life was badly

CASL: NO. 7 (Continued)

affected. He has "lost twenty years of life". He comments that all aspects of life have been distorted, that nobody supported him in his attempts to rehabilitate himself, that he was patronised and treated like an imbecile, and that had he not been as strong minded, he would have been forced into a settlement of \$20,000, the sum initially suggested, just in order to recover his debts.

- Intelligent and well qualified man
- Self-employed and totally lacking in financial support during the period leading up to the settlement
- Large debts, and inability to meet payments on house etc.
- Considers legal profession uncommunicative, arrogant, harrassing and patronizing
- Experienced members of the legal profession who were ignorant, closed ranks, and refused to treat him as other as an imbecile
- Rehabilitation facilities excellent, but the entire system "geared to keeping patients as invalids for life"
- Believes that compensation is much less if one shows independent attitude and willingness to get back to work.

CASE NO. 25 COMMON LAW MOTOR VEHICLE COMPENSATION

Mr M. was badly injured in a motor vehicle accident in February, 1974. He was eighteen at the time, unmarried, and without dependents. He became a paraplegic as a result of the accident. He lived in a large country town, and worked as a general labourer. He spent a year and a half in hospital, and another nine months at a rehabilitation centre. In 1976 he was awarded \$149,000, of which he actually received \$130,000. The matter was determined by a verdict, and his life expectancy was calculated. However, this, and the heads of damage were not known to his sister-in-law who was the subject of the interview. Mr M. died two years ago, five years after the money was awarded.

Mr M. selected his solicitor on the recommendation of a friend. He approached him through family members within a couple of months of the accident. The solicitor initially suggested that he "should go for a large settlement". Later the lawyer told him he should receive \$128,000, this suggestion being made some nine months after the accident. Mr M. was satisfied at the time with the sum he actually received, although some years later was increasingly dissatisfied for a number of reasons, including erosion of the money due to inflation, the sense that money could not compensate in any way for his injuries, continuing medical costs, and the fact that he would never work again.

Subsequent to settlement, he invested the money in banks and other financial institutions in order to obtain an income. He also repaid approximately \$2,000 in Social Security debts which he had incurred during the previous two years whilst waiting for the money. He continued to incur medical and hospital expenses, which had not been foreseen at the time of the award. He remained unemployed until the time of his death. He was not in receipt of a pension, and his sister-in-law commented that he was not as well off as he might have been, because his debts totalled about \$20,000 by the time of the settlement, these being debts exclusive of legal costs, but apparently including some medical and support costs.

Mr M. 's sister-in-law said that Mr M. always believed he should have got better advice on investment, and that the money should have been made available more quickly after the accident. Mr M. did not marry. The family felt that too little information on the system was available. Mr M. 's sister-in-law would make no comment on the amount of money

CASE NO. 25 (Continued)

remaining from the lump sum, refused to discuss who had received the money on Mr M. ' s death, and did not comment on the financial return from the money.

- Eighteen year old country town labourer, paraplegic in motor vehicle accident
- Solicitor under-estimated amount awarded ultimately by verdict
- Money invested in financial institutions, and used in part to repay \$20,000 in debts, including Social Security payments
- Death five years after award from accident-related causes

CASE NO. 30 - COMMON LAW DAMAGES, INDUSTRIAL INJURY

Mr E. was nineteen in 1972 and lived in a small country town. He was caught in a fire at a local service station where he was laying floor tiles. Seventy percent of his body was damaged, he lost two fingers on one hand, and the muscles in his arms and shoulders were weakened. His legs were badly disfigured. He settled out of court for \$75,000 in Common Law damages, prior to which time he had received 12 months of weekly Workers' Compensation payments.

He spent seven months in hospital immediately after the accident, and visited the doctor frequently since then. He continues to see his doctor on a regular basis. He appears to have recovered partially from the accident, although his skin is badly disfigured, particularly on his hands. He has lost two fingers on one hand, as well as the fingernails and movement in a couple of finger joints. He is not at all bitter about the accident, and puts his recovery down to the excellent medical treatment and physiotherapy he received, as well as his "own will to live". He was single at the time of the accident, but has since married and now has three children and a dependent wife.

Mr E. first approached a solicitor approximately twelve months after the accident. His solicitor was a personal friend, Mr E. coming from a well-respected business family in the small country town where he lived. His lawyer gave him all advice needed about the system, and took over negotiations with the insurance company. He was most satisfied with the advice he obtained. He did not institute formal proceedings for Common Law damages until some years later, although he had approached his solicitor within one year of the accident. He was first told that he might expect to receive \$50,000 in compensation. This advice coming some time after he first sought legal assistance. Mr E. settled out of court for \$75,000 receiving \$72,000 of this amount. He was satisfied at the time with the money, but is no longer satisfied, principally because of the reduction in the value of the money due to inflation, and the feeling that no money can compensate for the injuries he has sustained.

In the time between the accident and receipt of the lump sum, Mr E. received "disability insurance" for about one year, and was helped by his family and friends. He incurred no major debts during the time. After he received the money, he sought the advice of his family on investment, and did as they

CASE NO.30 (Continued)

suggested by placing the money with financial institutions, and in addition, buying his own house and repaying all debts. He also invested in flats, and while none of the money is now left, he comments that he receives \$260.00 per week income from property and investments directly flowing from the lump sum received. He would not give details of these. He does not receive Social Security benefits. He continues to incur medical expenses, but comments that they were foreseen at the time of the award. He is unemployed, principally because of accident-related injuries, although he had previously returned to a clerical position which he was able to retain for nine years.

Mr E. has since married and now lives with his wife and three small children in a comfortable home in a modest part of a small, country town. He comments warmly on the moral support received from his family, and he is positive about the future, as well as being financially reasonably secure.

The only difficulty which Mr E. experienced with the process was his sense of the "run around" given him by the insurance company doctors, and then the length of time until settlement. Mr E. also said he "could see where others could have problems without the excellent advice from people like his own grandfather and his lawyer, because the insurance company appears to make settlement as difficult as possible". Mr E. says that "as soon as possible, once you're out of hospital, contact a lawyer". Also, "there should be a clause for continuing medical benefits payments". He also suggests that in cases of serious accidents, that at least five years should elapse before a final settlement is made. Mr E. was happy with the rehabilitation service, and with the physiotherapy which he received, and spoke highly of his own medical attention.

- Rural resident
- Labourer sustaining severe injuries reducing markedly the possibility of long-term employment
- Currently unemployed due to accident injuries
- Independent income from assets and investments made possible by lump sum
- Spouse and three children since accident
- Dissatisfaction with insurance company, but satisfaction with most other aspects of system
- Dissatisfaction with the amount of compensation now, principally because of inflation
- Support from his family up to time of award

CASE NO. 46 COMMON LAW MOTOR VEHICLE COMPENSATION

Mr C. is twenty-eight, and in 1973 at the age of eighteen, when he was training to be an electrical engineer, he was injured in a motor car accident. He was hit by a motor car turning across him on a country road, and sustained spinal injuries resulting in quadraplegia. Mr C. has very limited use of a couple of fingers, and some use of his arms. He spent seven months in hospital in a spinal unit, and another 2.5 years at a rehabilitation centre in Sydney, while waiting for his compensation. He was awarded \$222,000, of which he says he received \$175,000 after medical bills and rehabilitation costs were repaid. In this connection, Mr C. mentioned that he was on sickness benefits throughout the three years, which meant that rehabilitation fees were incurred. Had he been on an invalid pension, to which he says he was entitled but did not realise at the time that this was so, he would have been able to obtain rehabilitation facilities and accommodation free.

Mr C. was first represented by the Public Solicitor, but when little action was taken, he approached a solicitor through a recommendation of a friend. He was told that he could expect at least \$100,000 and closer to \$200,000 in compensation. At the time of the case, the G.I.O. initially suggested \$175,000 in compensation, but Mr C.'s solicitor told him to refuse this amount which he did. The matter went to a verdict. Mr C. does not remember what specific amounts were allowed under the various heads of damage, but he did remember that no reduction in his life expectancy was projected. He was satisfied at the time with the money he received, but is not satisfied now. He mentioned that people injured at the same time as himself with similar injuries, but with cases through the Public Solicitor and heard some two years later, received about three times the amount he received.

After his case he was asked to leave the rehabilitation centre, which he did. He moved into shared accommodation, but did not buy his own house, believing that it was better to invest the money in something that would give him a good income in subsequent years. He placed most of the money with banks and financial institutions initially, and then bought into a business involved in car radios and accessories. After approximately 1½ years, dishonest dealings by his partner resulted in the collapse of the business and its repurchase by the previous owner. Mr C. had little chance to obtain his money back, since the partner was put in gaol, and Mr C. was unaware of any course of action which he could take. He was represented at the time

CASE NO. 46 (Continued)

by the same solicitor who was handling his partner's affairs, The result has been that all his money has gone. He has helped his family out in repaying their debts over the years, and also lent approximately \$20,000 to his solicitor, who has not repaid this amount. Mr C. comments that if he were to repay this amount, Mr C. would now have about \$16,000. Mr C. continues to incur expenses which were not foreseen at the time of the accident, principal amongst these being the cost of new wheelchairs, which do not last anything like" five years. In addition, he must pay for private nursing since he cannot get community nursing twenty-four hours a day. He comments that he has run into debt in paying for nursing, and hopes that he will be able to save enough in the future to repay these debts.

Until recently, Mr C. shared a house with a woman, and paid \$108.00 per week in rent, from a pension worth \$145,00 per week. The result was that both people ran into severe debt. Recently, he has been granted Housing Commission accommodation and rent is reduced to \$30.00 per week. He lives at Heckenberg (between Fairfield and Liverpool), and a Commonwealth car picks him up each day to take him to a city rehabilitation unit. Here Mr C. occasionally handles the switch, and also does a bookkeeping course and a course on commercial practice. He anticipates that when a position becomes vacant on the switch in the near future, he will obtain this job, and will also do some receptionist work. At the moment, he is put of work. He has done some part-time switch relieving work, and has been paid \$210.00 per week for this. He believes that if he were to get this job later this year, when it may be available full-time, he would receive approximately \$300.00 per week. Mr C. commented cynically that everyone, was very much more helpful to him, financially and with advice, after he lost all his money, than before. He repeated several times the fact that if he known his sickness benefits would have to be repaid, and that all expenses incurred at the rehabilitation centre would have to be repaid, he would have applied for an invalid pension. He believes he was "ripped off" by this. "Only after you've been stung a few times do you start to question people. They say that they're doing things for you, but they they're really doing them to you."

Mr C. was cynical about all aspects of his case. He commented that the rehabilitation centre was "just keeping me there. Every time I wanted to do something, they had a reason why I couldn't. Then I was asked to leave after the court case. I was kept on just to get money out of me." The rehabilitation

CASE NO. 46 (Continued)

centre was useful, not for its professional reasons, but because "I became independent there". "I realised it wasn't the end of the world, there were a lot of people worse off than me. Also, I had a good time trying to break the rules". Mr C. was happy with his medical care and attention, but not with the attention and treatment he received at the rehabilitation centre.

Mr C. was bitter about the way he had been treated by his friends and family. His parents had come from Scotland seven years before his court case, and he was "touched by them" for approximately \$8,000. His sister also asked him to help her repay debts. "I didn't realise the money was so little." Mr C. commented on a sense of euphoria which he had, up to twelve months after the settlement. He believes that one doesn't realise how inadequate the money will be. He suggested that it should be tied up for at least twelve months after the settlement, and that recipients should not be able to touch their money, except to repay previous bills, and medical costs currently being incurred. He suggests that even after this time, perhaps the full sum should not be paid. Something should be kept in reserve. Most important, he felt that he had no-one to turn to for advice, and that everyone advising him was only interested in their own welfare. He believes that there should be someone "who has been through it all" to advise people coming out of the court room.

When asked how he felt about the future, he said "I just don't worry about things. They work out". He is hopeful that he will get a job at the rehabilitation centre through the Health Commission, but seems resigned to facing whatever is in store for him. He is intelligent, attractive, and still maintains a somewhat cynical sense of humour about life.

- Intelligent, but totally uninformed about the legal process
- No advice as to investment
- Investment in unusual scheme, as silent partner in a small retail and service business
- Lent money to his own solicitor, and to family and friends, which money has not been repaid
- Quadraplegic, but sufficiently motivated to attempt retraining in a commercial area
- Optimistic about obtaining a job in the near future

CASK NO. 46 (Continued)

- Currently on an invalid pension, because of loss of all money from the award
- Cynical belief that he was only helped after he lost all of his money
- Rehabilitation facilities valuable for purposes quite other than those for which they were intended

CASE NUMBER 48 COMMON LAW MOTOR VEHICLE COMPENSATION

Mrs L. was a trained nurse, working at the time and a widow when she was injured in a motor vehicle accident in 1971, the accident rendering her a quadraplegic. She was forty-five at the time. She was living in the country, and was taken to a Sydney spinal unit immediately. She remained there for six months, and subsequently returned on several occasions as an inpatient, spending over two years altogether in hospital, during which time she underwent several operations for a leg, her hip and her coccyx.

She struggled for 4.5 years to get her case heard, but her country-based solicitor failed to take any action. Finally, she gained a date of hearing within three months of approaching a Sydney Q . C . , a friend of hers. She was awarded \$214,000, going to a verdict, having been offered initially \$73,000, and later \$85,000 by the G.I.O. for settlement out of court. She insisted that they press the matter through to a verdict, her solicitor "doing what she told him". Mrs L. comments that the judge awarded the total sum, identifying only \$47,500 separately for payment of future medical expenses. This sum was to be invested and the interest on it used for covering nursing, medical and hospital expenses. Mrs L. states that by the end of three years, the full \$47,500 had been used up. Mrs L. also saw a dwindling in the rest of her money, and by 1980 purchased a rest home / convalescent hospital with a friend of hers, a qualified matron. Mrs L. and the matron had intended to build a private hospital, but their dwindling funds made this impossible. Mrs L. had received, after paying medical and legal costs, \$194,000 approximately, and this was now less than \$100,000. They purchased a large old house, used as a rest home, in the outer Sydney district.

CASE NO. 48 (Continued)

Mrs L , is very angry about her treatment, at the hands of the G.I.O. After she was awarded the \$214,000 in 1976, they appealed against the award, although they did not go through with the appeal when she refused to settle. The appeal had been scheduled for early 1977, but Mrs L. had still not received her money by October, 1977. She was told that when she did obtain the money, she should ask for the sum to which she was entitled together with 10% interest from the time of the award. She is unsure whether she obtained the full sum.

Mrs L. was happy with the money she received at the time, believing that this was as much as anybody could have got. However, she is no longer satisfied, commenting that inflation has made her sum worthless. She believes that she would have been in a far better position financially had the accident not happened, since she and the matron had intended for some time to start a nursing home. Nevertheless, she is able to live in the nursing home as a patient, and the nursing home appears to be a profitable venture. The matron draws a salary, together with half of the profits, and Mrs L. similarly receives half of the profits. She was reluctant to disclose what these were.

While she was waiting for her money, Mrs L. received the invalid pension, but did not have to repay any of this out of the sum awarded. She did not incur any debts at the time, apart from her medical bills which amounted to approximately \$15,000. Her legal fees were approximately \$5,000 and she was happy to pay these.

Mrs L. believes that there should be a Q.C. available for all accident cases "you shouldn't have to worry about getting one", "they should be someone who can go to all victims and tell them what will happen and where they stand, and someone to invest money for them, and tell them what to do with it". She believes that lump sum settlements are useful in that "you know exactly where you're going". She was prepared to concede that this may be very suitable for people with some independence and initiative, but volunteered that she thought people who showed no enterprise or initiative in their previous history should be encouraged to seek advice and help on what to do with the money. She thought an indexed pension would be a good idea for such people. She also believed that, even in her case, when she knew what to do with the money,

CASE NO. 48 (Continued)

some indexing in the amount awarded should be possible..

- Qualified nursing sister, with contacts in the legal world
- Initiative and enterprise, intelligent, active, energetic, and a shrewd business woman
- Pressed for a verdict and refused to settle with the G.I.O.
- Refused to settle prior to an appeal
- Received the money due to her about 18 months after it was initially awarded
- Believed she was lucky that the case did take some time, in that the full extent of her injuries and disabilities became apparent, and several operations which had not been foreseen were considered in the settlement
- Cynical attitude to family, who asked her to help them out with loans, showed no interest in her, and, she believes, tried to turn her father against her
- In receipt of invalid pension up to the time of the settlement, this not being paid back from the money awarded
- No rehabilitation or retraining, the doctors believing that she wouldn't get the use of her arms, and that she was probably too old

CASE NO. 53 COMMON LAW MOTOR VEHICLE COMPENSATION

Mr C. is forty-three, and suffered massive brain damage in a motor vehicle accident in 1971. He was thirty-one at the time, and a well-paid site engineer for a major contracting firm. He was awarded by verdict \$321,000, \$70,000 of this being for compensation for loss of future wages. His injuries were so severe that he was not expected to live, and he spent 2 1/2 years in hospital, three months of this on a respirator, He has undergone rehabilitation to recover basic functions over the years, and has learned to walk and carry out limited activities within a sheltered workshop. He now lives in a suburb of a large country town, and is cared for totally by his wife, without whom he cannot do a thing.

His wife contacted a solicitor on the recommendation of a friend about one month after the accident. She herself was admitted to hospital following news of the accident, and lost a baby which she was carrying at the time. The wife, who was interviewed because of the husband's injuries, could not remember the details of the time, but believes that no lump sum was suggested until close to the agreement date. She thinks that approximately \$300,000 was suggested. They received after medical and legal expenses the sum of \$240,000, this being placed in Trust and three managers appointed to handle the money. Mr C. was placed in charge of the then Master for Protective Jurisdiction, and Mrs C. thinks that 2/3 of the money had to be left in this Jurisdiction, only 1/3 being free for investment through some other, trustee. In the years intervening, approximately \$100,000 has been released for the purchase of a house in which the family now lives. Mr C. and his wife have three high-school children. In addition, they have purchased a car, and still own the first house which they bought immediately after receipt of the money. This first house is let, and is soon to be sold. Mrs C. is very unhappy with the financial situation. She comments that she receives in income \$200 per week. This has not increased in 3 1/2 years. She is told very little as to the state of her finances. She was upset that the \$75,000 which was available for investment was not properly handled, and has been sitting in a bank for over a year getting minimal interest. In addition, monies which were set aside for equipping the house appear to have, "disappeared.", and up to \$6,000 is now no longer available. She is additionally confused about the taxation which she pays, believing that this does not reflect the true state of income she receives

CASE NO. 53 (Continued)

Her bills for school fees and car servicing were previously paid by the accountants at the trustee's office, but she is now being asked to take charge of these bills. She says that she is faced with the prospect of selling the house, but that her family is reluctant to do so. She is particularly distressed at the way she has been treated as a "second-class citizen". The house is in her husband's name only, all income is his, and she is regarded as an "unpaid servant". She comments that other people have "cleared out" after something like this, and she probably would have been better to do so. "You would think I had proved that I would stick by B. by now."

Mrs C. did not believe that Mr G. was compensated adequately at the time. She says that he would have earned what was allowed for future income within three years. They would certainly have been in a better financial position had the accident not happened. She was particularly distressed because the insurance company appealed the original verdict, although this appeal resulted in no change in the decision. She was dissatisfied with her legal advisers, believing that they were not sufficiently interested in getting the maximum compensation for Mr C. Mrs C. is now in financial difficulty, being granted insufficient money from the trust to support the three boys, herself and Mr C. She does not believe that the money has been invested in the most sensible fashion, and has many queries as to what is in fact the current amount available. She appears to be cowed by the accountants with whom she deals, and is reluctant to ask permission for funds to take holidays. She is also annoyed at the fact that the block of land which she and her husband owned before the accident was sold and the money placed with the Protective Division at the time of the settlement. She and her husband lost considerable money at the time, because they had already begun to build on the block.

Mr C. will never work again, and the finances of the family appear to be dwindling. Mrs C. is attempting to find a job herself, but worries about Mr C.'s ability to cope if she is working during the day.

- Well paid tradesman/professional
- Massive brain damage in motor vehicle accident, resulting in settlement money being placed with the Public Trustee, and the Protective Division
- Queries by wife as to current financial situation

CASE NO. 53 (Continued)

- Inadequate allowance from the trust, and lack of information to the wife as to the state of the account
- Inadequate compensation for loss of income *
- Wife believes she is treated as a second-class citizen by the bureaucracy
- Dwindling resources, and wife facing the difficulty of attempting to work while her husband needs constant care
- Family supported by social security payments up to the time of the settlement, approximately \$20,000 being repaid at the time of settlement

2.5 ECONOMIC ANALYSIS 1976 - 1983

Introduction

This short note discusses the uses to which a lump sum compensation payment can be put, the factors determining the returns to each of these uses and the level of these returns. The case of a lump sum payment of \$20,000 awarded in 1976 is then considered to illustrate this discussion. Finally, the policy issues raised by the analysis are considered.

Calculating Lump Sum Compensation

The award of lump sum payments as compensation for injuries raises important economic issues. These include the problem of estimating future medical needs and expenses and estimating what the individual would have earned had the injury not occurred. Calculating lost earnings is perhaps the most straightforward of the estimates of the costs of injury. Once these costs have been quantified, determining an appropriate lump sum compensation requires an estimate of the value of the compensation payment through time. This depends on expectations about inflation, interest rates and the value of assets.

Each of these elements raises difficult problems of uncertainty. These include technical problems of uncertainty - what will the future medical condition of the individual be and how will he or she adapt psychologically to the injury; and uncertainty about the individual's future earnings and about the value of the economic variables determining the returns to lump sum payments.

Investment Alternatives

Broadly, an individual faces three investment options: cash deposits with a financial institution, shares and the purchase of assets, typically the purchase of a house. Representative cases of each of these alternatives are considered in this note.

The Economic Framework

Tables ES 1 and ES2 show that real wages, as measured by the average weekly earnings series, are now at the same level as they were in 1976. This stability in real earnings provides a bench-mark against which returns to the lump sum investment can be compared.

Table ES3 records the movement in the median value of Sydney residential property prices¹. The table reflects the property boom of the late 1970's. Between June, 1979 and June, 1981 the median house price rose by 53%. This boom boosted the return to housing investment considerably.

The use of a lump sum compensation payment for a house purchase has a number of features:

- increased house value does not provide income to the home owner-occupier.
- an owner-occupied house provides an implicit rental value to the owner-occupier
- the tax system favours house purchase, as neither capital gain nor imputed rental income are taxable. Similarly, the income limits on a pension favour the income-in-kind benefits of home ownership. Income from other assets is taxable.

Sharemarket trends are shown in Table ES4. It is important to note the volatility of share values and the relatively low level of dividend payments. Increases in share values represent a capital gain. However, share ownership is not associated with the income-in-kind benefits of an owner-occupied house.

Finally, Table ES50 shows representative interest rates. Until the late 1970's real interest rates were negative. This was the result of rigidities in the capital market and the failure of lenders to respond to rising inflation rates during the 1970's. Thus returns to cash investments were low. Returns to Government-bonds and bank deposits are still low: returns on these assets reflect the security and the risk aversion of lenders. Bank deposits have the benefit of being liquid. The cost of this liquidity is a lower return.

Investing \$20,000

To illustrate the relative returns available to the recipient of a lump sum payment, the returns to a \$20,000 lump sum are examined in Table ES6. The returns to larger lump sums will be proportionate to those shown here for \$20,000, e.g. return on \$100,000 will be five times the amount shown in Table ES6. The key conclusions from Table ES6 are:

1 . No data series is available for property prices outside the metropolitan areas. It is likely that returns to property investment in non-metropolitan areas would be lower than those shown here for Sydney property.

- House purchase yields the greatest return - an average annual real return of 7.5%. This high return reflects the impact of the Sydney property boom.
- However, this represents income in kind rather than cashflow. Moreover, this form of income does not infringe pension income.
- Investment in bank deposits and Commonwealth Government bonds failed to maintain the real value of the \$20,000. All showed negative returns.
- Debentures showed an average annual real return of 1.5%.
- Sharemarket investment showed an average annual real return of 6.2%. Around half of this return reflects the increased value of the share portfolio, and so is an unrealised capital gain. Dividend receipts are taxable and would infringe pension rights.

Clearly lump sum compensation recipients come from a wide range of different financial circumstances. These will condition the benefits of each alternative. This example illustrates the principal investment alternatives in abstract.. Investment of larger lump sums does not alter the relative ranking of the returns to each alternative. With one exception, the rate of return to each investment will not alter. The dollar returns will increase proportionate to the increase in the lump sum. A lump sum large enough to purchase a house outright will yield a higher rate of return because no loan repayments will be required. Thus the relative ranking of returns to each investment will not alter.

Issues and Conclusions

The economic returns to house purchase are substantial. In addition, home ownership confers feelings of security that are important for individuals with uncertain future income prospects. On the other hand, a house is a highly illiquid asset. A deterioration of the individual's condition may require unforeseen medical expenditure and imply reduced income earning prospects. Investment in a house is likely to leave the individual in the best position to meet these contingencies." Although many of the financial benefits of home ownership do not accrue as cashflows, the cashflow savings of paying no rent (the value of which increases in real terms as market rents rise) leave the individual in the best position' to meet his financial requirements. The consequences of unforeseen changes, such as a deterioration of the individual's condition, are problems of setting an appropriate lump sum amount in the first place, and may suggest the need for a more flexible compensation payment system.

Table ESI: Consumer Price Index

As at End June Quarter	Index	% Change over previous year
1976	100.0	
1977	113.8	13.8
1978	124.7	9.6
1979	135.0	8.2
1980	149.4	10.7
1981	162.5	8.8
1982	179.9	10.7
1983 (estimate)	201.5	12.0

Source: Australian Bureau of Statistics,
Consumer Price Index, No. 6401.0

Table ES2: Average Weekly Earnings and Award Wages

As at End June Quarter	<u>Average Weekly Earnings</u>		<u>Award Wages</u>	
	Index	% Change over previous year	Index	% Change over previous year
1976	100.0		100.0	
1977	111.0	11.0	110.9	10.9
1978	120.4	8.5	118.4	6.8
1979	128.7	6.9	128.8	8.8
1980	144.2	12.0	138.5	7.5
1981	164.0	13.8	157.1	13.4
1982	181.8	10.8	179.8	14.5
1983 (estimate)	200.0	10.0	194.2	8.0

Sources: Australian Bureau of Statistics, Award Rates of Pay Indexes, Australia, No. 6312.0 and Average Weekly Earnings, States and Australia, No. 6302.0

Table ES3: Sydney Median House Prices

As at End June Quarter	\$	Index	% Change over previous year
1976	35,555	100.0	
1977	38,400	108.0	8.0
1978	47,600	134.0	24.1
1979	51,800	146.0	9.0
1980	64,800	183.0	25.3
1981	79,500	225.0	23.0
1982	81,700	231.0	2.7
1983 (April)	80,900	229.0	- 0.9

Source: Real Estate Institute of Australia

Table ES4: Share Market Performance

As at End June Quarter	Sydney Share Price Index (all ordinaries)	Average Dividend Yield (all ordinaries) % per annum
1976	100	7.75
1977	97	8.33
1978	105	7.46
1979	123	7.08
1980	139	6.66
1981	204	5.63
1982	188	7.26
1983	199 (April)	7.16 (March)

Source: Reserve Bank of Australia, Bulletin

Table ESS: Representative Interest Rates

As at End June Quarter	Trading Banks Fixed Term Deposits (24-48 months)	Savings Bank Investment Account	First ranking debentures of finance coys, assoc. with major trading banks - 5 yrs.	Permanent Building Societies Deposits at Call	Australian Savings Bonds	Commonwealth Government Securities			Maximum Yield on Public Issues by Local and semi- government bodies	
						2 yrs	5 yrs	10 yrs	4-9 yrs	10 yrs +
1976	8.8	8.00	12.00		9.20	8.47	9.41	9.99	11.1	10.4
19-77	9.2	8.00	12.50		10.00	9.88	10.21	10.41	10.5 - 10.7	10.8 - 10.9
1978	9.2	7.50	11.25		9.00	8.83	9.09	9.10	11.1	9.6
1979	8.00 - 9.00	7.257 8.25	10.507 11.00	8.007 9.00	9.25	9.94	10.00	10.00	10.4	10.5
1980	9.00 ~ 10.00	8.007 8.50	11.757 12.75	8.00/ 9.50	9.75	11.50	11.78	11.76	12.2	12.3
1981	11.25 - 13.36	10.007 10.50	13.507 14.75	8.007 11.00	12.25	13.10	13.10	13.10	13.4	13.6
1982	13.00 - 16.72	11.507 13.00	15.757 17.00	8.007 13.00	13.25	16.40	16.40	16.40	17.0	17.2
1983 April	11.00 - 14.11 (March)	10.007 11.50	12.757 14.00	8.007 13.00	12.25	12.60	13.50	14.10	14.6	14.8

Source: Reserve Bank of Australia, Bulletins,

Table ES6: Investing \$20,000 Lump Sum Payment

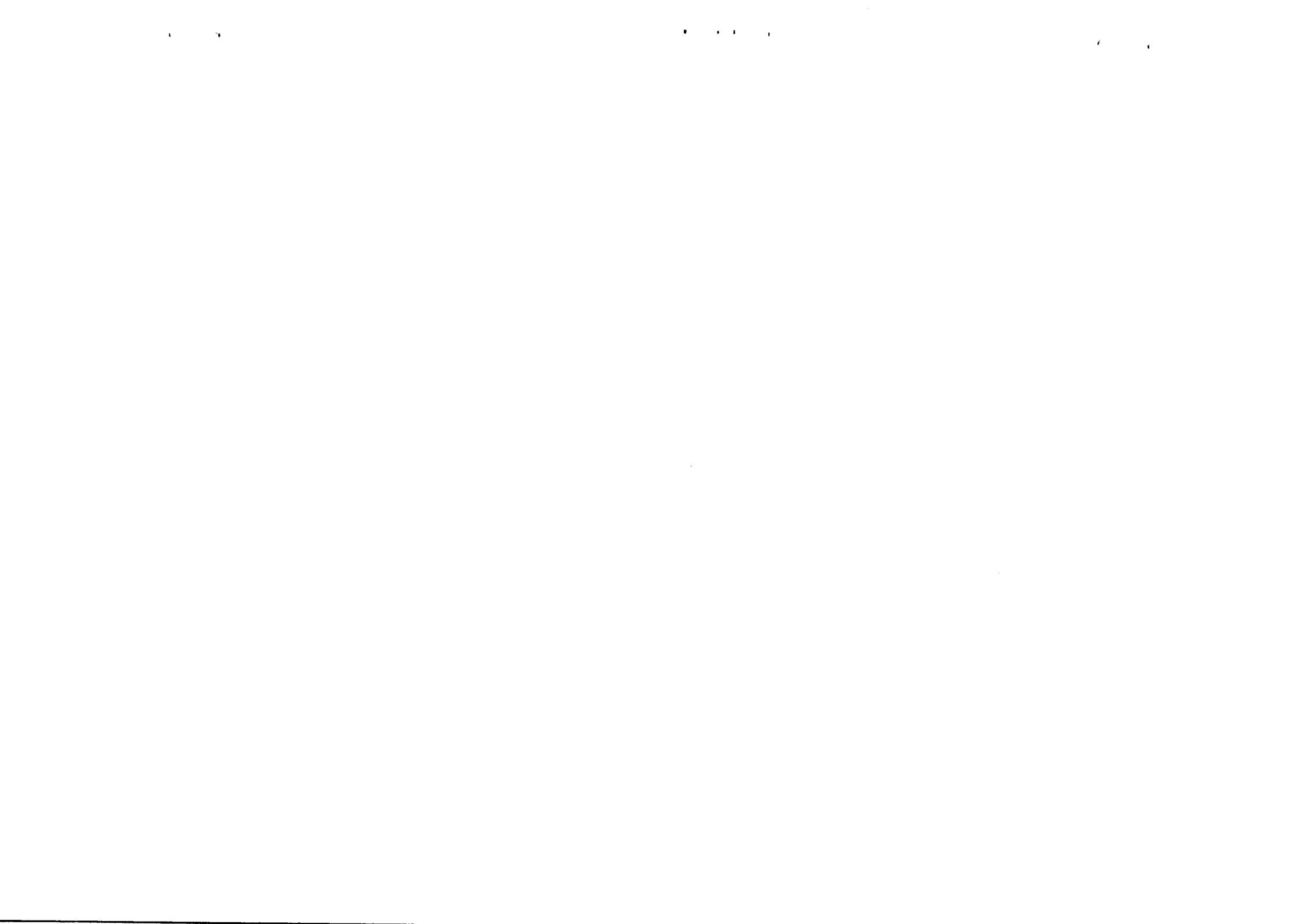
Value of \$20,000 paid in June, 1976 at June, 1983 if:	Current Value (1983 Dollar)	Real Value (1976 Dollar)	% Return (June, 1983 June, 76) (1976 Dollars)
1. If held as cash	20,000	9,926	- 50.4
2. House Purchase: Purchase median value house at June, 1976 of \$35,555. Borrow: \$15,555 • Capital Gain: \$45,800 • Imputed Rental Value: \$32,559 • Repayments: \$16,985 Total:	61,374	30,459	52.3
3- Commonwealth Government 10 year bonds • Bond: \$20,000 • Interest income: \$19,180	39,180	19,444	- 2.8
4. Bank Deposit • Fixed Term (Trading Bank) • Investment account	39,830 37,236	19,797 18,479	- 1.2 - 7.6
5. First ranking Debentures	44,653	22,160	10.8
6. Sharemarket investment • Value of Portfolio: \$39,800 • Dividend Receipts: \$18,186	57,986	28,777	43.9

Note on Calculations:

- All income and benefits accruing between June, 1976 and June, 1983 have been converted to June, 1983 dollars.
- The imputed rental value is regarded as the rent that would have been paid based on the fraction of the house value owned by the purchaser.
- Repayments are for a 20 year loan of \$15,555 at 9.75%. At the present time, this figure may represent an underestimate of the effective rate. However, during the duration of the loan, it is likely to reflect the average rate of interest as rates rise and fall.

SECTION 3

DISCUSSION



3.1 Introduction

The study addressed a range of issues concerning the current systems of lump sum compensation for road accidents and industrial accidents. The data obtained are best considered in relation to each of three main topics.

One major issue was the problem of whether recipients in various categories could, in the light of their current circumstances, be regarded as either under- or over-compensated by their lump sum awards, this, being central to an assessment of the adequacy and fairness of the current systems of "once off" payment. Second, we considered the decisions made by respondents during the compensation process, the bases for these decisions, and their effect on the outcome of the case and the individual's future circumstances. Third, we were concerned to examine the general attitude of respondents to their award, their opinion of its adequacy or otherwise, and their attitudes to the processes of compensation as they had experienced them.

The following discussion examines the information obtained from the study as it bears upon each of these three general issues.

3.2 The Long-term Adequacy of Lump Sum Awards

Several of the matters studied are relevant to the present material circumstances of the respondents, and thus to the question of how adequate their awards appear after the passage of seven years.

(i) Employment

Before the accident, all the recipients of industrial awards, and some three-quarters of the recipients of road

accident compensation, were working. In 1983 the numbers working, in each award category, are considerably lower. Omitting from calculation respondents who might reasonably have retired in the ordinary course of events, some 60% of the medium-level MVC group are currently employed. In the other four categories the figure is only 30% - (see Table 51).

Of course there is an element of ambiguity in these figures. On the one hand it might be that the failure to return to work flows either directly or indirectly* from injuries received, in the accident; on the other hand it might be that in some cases the size of the award was such as to leave the recipient content voluntarily to remain out of the workforce. While the latter interpretation may be the more correct one in some cases, the high numbers now not working are broadly consistent with the significant proportions in all categories (see Table 13) who reported that their injuries precluded their doing any paid work. Apart from these there were in any event other respondents (about a third of the total surveyed) who said that they were in some way restricted by their injuries in doing paid work and/or other tasks; clearly injuries of this sort could have implications for finding a job in the present economic climate.

In some cases, of course, the failure to return to work may have been caused wholly or partially by the difficulty of finding employment in the present labour market. It should be noted that the common law and the Workers' Compensation system treat the uncertainties relating to future unemployment differently. At common law, at the

* For example, a person with a mild handicap may consider himself/herself fit for work, yet have difficulty competing in the labour market in a time of high unemployment.

time the court assesses damages, it will attempt to take into account future prospects of unemployment arising out of the disability, though of course, it may be very difficult for the court to predict whether or not the plaintiff will be able to find and retain work. The court may, for example, take the view that the plaintiff will be unable to obtain employment, and assess damages on this basis. However, the amount assessed on this basis may then be reduced by, for example, 15 per cent to take into account the possibility that work will be found. The Workers' Compensation system deals with partial incapacity in a different way. If an employer is unable to supply a partially disabled worker with suitable employment, he or she is entitled to be treated as totally incapacitated, and to receive periodic compensation on that basis. Of course, once redemption occurs, any right to receive further compensation ceases. In some cases, however, a worker may not be able to exercise this right, or may not wish to return to work with his or her employer. In this situation he or she will not be treated as incapacitated if he or she is capable of performing a specific job, which pays as well as the pre-injury job, merely because it is not available to him or her as a result of economic conditions. Where it is argued that this is the case, his or her right to receive periodic payments may be uncertain, and this will be reflected in the amount of any redemption he or she receives.

(i i) Income

It is notoriously difficult to obtain from survey research full and accurate information about respondents' incomes. The present survey proved no exception; there was substantial non-response to the weekly income question, and the answers of those who said they had no income cannot be taken at face value (see Table 38). It is nevertheless

reasonable to assume that most people who reported no income would have had relatively low incomes: the very wealthy do not normally claim to have no income at all.

On all the information available, the current weekly incomes of the accident victims surveyed (see Table 38) are below average for all income recipients (not just wage and salary earners) in New South Wales. This is particularly striking given that all the industrial accident victims and three-quarters of the road accident victims were previously in employment. The incomes reported in the survey are, on average, well below the present incomes of New South Wales wage and salary earners.

Not all those surveyed, of course, were on particularly low incomes. Of those who answered the relevant question, roughly 15% in the two WCC categories and 25-30% in the other three groups reported weekly incomes of \$300 or more (that is, in the vicinity of average weekly earnings).

(iii) Amount of Award Remaining

Satisfactory answers were also difficult to obtain to questions about how much of the award was "left" (see Tables 37 and 41). In some cases respondents treated the question as an invasion of privacy. In the majority of cases respondents either said that nothing was left, or that they found it impossible to say how much remained; either answer may have reflected use of the award to buy assets like a house or car. However, roughly 35% of respondents in both the high MVC and high WCC categories specified a figure for the amount remaining. Two in the high WCC group retained a sum of between \$30,000 and \$50,000, and seven in the high MVC group a sum of \$50,000 or more.

(iv) Social Security

The fact that significant numbers of those surveyed are now in rather poor financial circumstances is underlined by the high proportions in all categories who said that they were in receipt of Social Security benefits (Table 36). Some two-thirds of both WCC groups were now on Social Security (particularly the invalid pension), as were about one third in each of the other categories. In the Australian population as a whole, the proportion of people who are in receipt of Social Security benefits is some 19%.

So far as sources of non-work income were concerned, recipients of high MVC awards were more likely than other respondents to report income from investments, and less likely to report dependence on Social Security. This is, in essence, a reflection of the fact that their awards were significantly larger than those of any other group surveyed, and that many of them both found it possible, and judged it wise, to put some substantial amount of funds into income-producing investments.

The data were further examined to see whether they revealed a pattern whereby the award moneys were typically used for house purchase, with the accident victim then becoming dependent on Social Security for income. It was found, in fact, that in four out of five categories, the percentage of Social Security beneficiaries among those who had spent money on a house was lower than the percentage of Social Security beneficiaries among respondents as a whole (see Table 52). Nevertheless there were certainly a number of people in the various award categories who had spent money on a house, and were now receiving Social Security benefits.

(v) Adequacy of the Award in Various Respects.

Respondents were asked four specific questions (see Table 31) about the adequacy or otherwise of their award for various purposes. There were a few who said that the award was not adequate even to meet medical costs and other debts incurred as a result of the accident. Among those who had had to pay for house modifications or home-care, again there were some who said the award was inadequate in this regard.

On the question of the adequacy of the award to compensate for future income loss, clear majorities even in the three categories of common law awards believed that the sum they had received was inadequate. In the high MVC group, only two people currently thought their award adequate in this respect.

(v i) Vulnerability and Security

In order to facilitate further statistical work, two new categories of respondents, the financially "vulnerable" and the financially "secure", were set up (see section 2.2.4). In all award categories those classified as vulnerable easily outnumbered those classified as secure. Even among the medium-level MVC respondents, around a third were "vulnerable". Relatively few respondents in any category emerged as "secure", even though the cut-off point for the classification (weekly income \$300) was set relatively low, at around the level of average weekly income for New South Wales.

The possible influence of a number of other factors on current vulnerability or security was considered, but it could not be said that any of the relationships that emerged was particularly striking - that is, no one matter among those on which survey data were available provided a "key"

to vulnerability and security. Almost no female respondents, however, emerged as secure. Older respondents were in general more likely to be vulnerable, and less likely to be secure, than were younger respondents. Pew migrants were found to be secure. In the medium-level MVC group, where numbers are sufficient to permit some generalization, those formerly in professional/managerial jobs were less likely than most to be currently vulnerable, and more likely than most to be secure. The general nature of the injuries suffered did not seem to be a relevant factor. Taking into account also the impressions gained from the in-depth interviews, the best guide to current circumstances appeared to be that those who were well-established and secure before the accident were those most likely to be secure now.

There did appear, on the basis of the data collected in the survey, to be a reasonably consistent link between respondents' objective circumstances and their subjective satisfaction or otherwise with the award (cf. Table 62).

(vii) Conclusion

The point that emerges most clearly from the economic analysis set out in section 2.5 is that the effects of inflation over the years 1976-1983 have been such that a person receiving a lump sum award in 1976 would have to have been either a lucky or an astute investor not to lose ground over the period. The best return to a 1976 investment, among the options discussed in section 2,5, has been from housing in metropolitan Sydney; that is, the nett worth of an award recipient who put the moneys into a house in Sydney in 1976 is likely to be greater than the nett worth of a recipient who used or invested the moneys in other ways. In this sense, sharemarket investment emerges as the next best use of money. Conventional institutional investments such

as bank deposits and Commonwealth bonds show a negative return, in real terms, over the period 1976-83. (It is interesting to note that such advice as the survey respondents received tended to favour such institutional investments, but that many respondents did choose to spend their money on housing.)

To discuss investment options in the abstract, however, does not take account of the real-life situations and decisions typically faced by compensated accident victims. Spending all or most of the award moneys on a house may have a beneficial effect on the victim's nett worth, yet leave him or her without an adequate income to live on if (s)he is precluded from returning to work. Further, buoyant prices in Sydney housing are, needless to say, likely to be completely irrelevant to accident victims who live, or wish to live, elsewhere. The survey responses show that sharemarket investment was an option taken up by very few lump.sum recipients; in view of the degree of sophistication which management of a stockmarket portfolio tends to require, and the apparent lack of financial experience or expertise which characterized most respondents, this would seem to be only realistic.

As the high-award case-studies and case-notes show, the survey did uncover a number of "success stories"; these were typically cases where some combination of personal skill and enterprise, good fortune, good advice, and/or support from family and friends, has enabled the compensated victim to re-establish himself or herself in a comfortable and secure fashion. There are also some cases where it appears that the injuries received have proved to be less debilitating than was expected in 1976, so that the lump sum award has proved something of a windfall gain (the same applies in those cases where the injured person has since died, leaving a "windfall" legacy to relatives).

Such situations are not, however, the typical ones revealed by the study. Most of those surveyed are living in modest circumstances and on modest incomes. In terms of employment status and income level, many appear to be worse off than they were before the accident. Some are in real difficulty at the present time, and a larger number are nervous and worried about what the future holds for them and their families. Several recipients of high lump sums have experienced a marked deterioration in their physical condition (for example with paraplegia developing into quadriplegia) subsequent to the award. Others have found that in various other ways the impact of the accident on their lives has been greater than they anticipated at the time.

The survey figures suggest that the two Workers Compensation groups were generally likely to be in a worse financial situation in 1983 than were respondents in the three common law categories. This presumably reflects the fact that the awards they received were consistently likely to be lower (in relation to the specific injuries received) than was true of other respondents; WCC redemptions are not intended to represent full compensation. This apart, calculations based on the survey statistics did not point in any clear way to particular kinds of people who were likely to do consistently well or consistently badly out of the present compensation system. If receipt of a lump sum tended to produce a "lottery win mentality" (cf. section 3.3) in some accident victims, it might similarly be said that the study suggests a large element of chance or unpredictability in how the circumstances of the lump sum recipient work out in the long term. There does appear to be something of a trend for accident victims originally from managerial or professional backgrounds to be both more satisfied and in a stronger financial position than others in 1983. This would be consistent with impressionistic information gained in the

in-depth discussions: it seemed to the interviewers that among those with more resources to begin with (financial assets, contacts, specialized knowledge) an accident was less likely to prove ruinous.

3.3 Respondents' Decisions and their Implications

As is implied by the previous section, the data do not in general suggest that there were particular decisions made by plaintiffs in compensation cases which consistently influenced the outcome in terms of ultimate satisfaction or material well-being.

Some attention was paid, for example, to the situation of those who, in common law cases, had decided to settle out of court rather than have the case go through to a verdict. It has earlier been noted that the likelihood of a case going to a verdict was greater in the case of larger awards. In effect, the more severe the injuries, the greater likelihood of the award being made by verdict. However, Table 58 does not suggest any consistent relationship between the decision on whether or not to settle, and current financial vulnerability/security.

Respondents' use or otherwise of rehabilitation facilities of one kind or another did not prove to be correlated in any straightforward way with, for example, current satisfaction with the award (Table A3, cf Table 25).

Neither did the uses to which respondents had put the award moneys seem to be systematically related to current vulnerability or security. A negative correlation was found, however, between security and having used award moneys to pay off debts. Again the best interpretation of these results seems to be that it was those who were in a relatively weak financial position at the time of the

accident who were both most likely to have to pay off debts, and least likely now to be secure.

Investment decisions were made, on the whole, with little advice being either sought or received. The most common adviser was the lawyer handling the case, and his/her advice seems often to have emphasized institutional investments in particular. Interestingly, many recipients were more inclined to put their funds towards the purchase or improvement of a house. As it happens, this "amateurish" decision has probably been a beneficial one in many cases, as far as nett worth is concerned. Nonetheless, it can be argued that the survey respondents tended to place too little emphasis, in their financial decision-making, on providing themselves with a secure and continuing income.

This conclusion is again reinforced by discussions with recipients of high-level awards. Some were inclined to treat the award as if it were a lottery win. The sense of euphoria which many experienced after the award, and the belief that they were now "set for life", stemmed from a short-term perspective and sometimes resulted in major errors in the use of the money. A number of respondents made comments which suggested that some moratorium might be placed on use of funds for at least a year after the accident, and that perhaps even then only part of the money should be available for the recipient's active use, the other half being invested on his or her behalf. Nevertheless it appears from the study that where something of this sort was done, as in the case of matters handled by Trustees, respondents sometimes felt very dissatisfied with the arrangement (a point taken up in section 3.4).

A final general comment may be added to the effect that a large majority of the respondents appeared to have played a fairly passive role in the compensation proceedings. Only

in exceptional cases did it seem that the plaintiff had the resources, confidence, knowledge or will-power to make decisions which were not heavily dependent on the positions taken by insurers or by his or her own legal representatives.

3.4 Attitudes to the Award and to the Compensation Process

A strikingly high number of respondents were dissatisfied with the award, both at the time of the hearing, and particularly now. Nearly half of all respondents interviewed were originally dissatisfied with their award, and the incidence of current dissatisfaction is significantly higher still (approximately three out of four overall). The change in perception of adequacy of the award is greatest in the high-level MVC group. Whereas approximately 70% of those people were satisfied at the time of the award, only about 15% are now satisfied. While less dramatic, such a decline was apparent in all other groups. Both in-depth interviews, and the statistical data collected by the questionnaire, suggested that concern about inflation {particularly among recipients of high awards), and feelings about the impossibility of monetary compensation for injuries sustained, were among the principal reasons for such increasing dissatisfaction.

Significant minorities in all award categories (ranging from 23% in the high MVC group up to 43% in the high WCC group) said that they were not satisfied with the advice they had received from their lawyer. Many respondents seemed to feel that they did not receive sufficiently detailed advice and information on the system. In-depth interviews with better informed respondents illustrated some of the problems with the system, and with legal advisers, in 1976. A number of those interviewed perceived a high-handed attitude on the part of both their medical and their legal advisers. Several

respondents believed that "deals were done" between their advisers and the lawyers acting for the insurance company. It seemed that some respondents, in fact, tended to view their legal adviser as an adversary rather than as an ally!

Dissatisfaction with both the adviser and the award seem to have been exacerbated in certain cases where the amount finally received was far less than the recipient had been told to expect, whether the decision was based on verdict or settlement. The survey data suggest, however, that lawyers were much more likely to underestimate than to overestimate the likely award.

In-depth interviews pointed to two other issues perceived by some as sources of difficulty in the current compensation system. The first related to the use of rehabilitation facilities. Several respondents argued that the emphasis in some relevant organisations was on caring for handicapped people as invalids, rather than on encouraging them to return to work or other everyday activities. The second issue concerned the work of Trustees. Respondents whose moneys had been handled by Trustees sometimes claimed that the latter were poor financial managers and that they were uninformative and even rude in dealing with clients. Neither of these matters has been further examined by the researchers, but they were raised often enough in interviews to deserve mention.

Opinions about the current compensation system were neither uniformly supportive nor uniformly critical of lump sum payments. About a quarter of all respondents expressed the attitude that a lump sum assisted one in making a fresh start. This view may have been reinforced in some cases by a generally negative attitude to insurers, and what was said to be the value of a lump sum in reducing invasion by insurance companies.

An equally common view among respondents overall was that a system of weekly payments would be better. This opinion was most commonly expressed by people in the medium-level WCC and the high-level MVC groups. Respondents currently classified as secure were more likely to appreciate the value of a lump sum in helping one to make a fresh start; respondents classified as vulnerable were more inclined to believe that weekly payments would be better, approximately half of those classed as vulnerable making this response.

There were complaints about the delays involved in the compensation process. Recipients of high-level awards, in particular, often suggested that compensated accident victims needed more adequate financial advice.

The comment most frequently made about the existing system was that plaintiffs needed more and better information to guide them. A number of respondents suggested that a person who had "already been through the system", or perhaps a group of such people, should be available for consultation with accident victims immediately after their accident. In a similar vein, such people should also be available after hearings, to give advice on future needs, and on ways of handling a lump sum.

Respondents' comments have some bearing on possible modifications to the existing system. To satisfy most of the views expressed, both in the questionnaire and in personal discussion, a system which clears existing debts and makes provision for an independent existence in the case of the severely injured person, supplemented by some form of inflation-related pension, would appear to represent a suitable compromise. Whatever changes may be made, some facility for better advice on the legal process would also appear to be necessary. Should there be a continuation of the system of lump sum payments, a more formal programme of investment advice might be instituted.