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Assisting Injured Workers Return to Work: The Economy Needs You!

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Director's Note

Welcome to the twenty fourth issue of *Economic Issues*, a series published by the South Australian Centre for Economic Studies as part of its Corporate Membership Program. The scope of *Economic Issues* is intended to be broad, limited only to topical, applied economic issues of relevance to South Australia and Australia. Within the scope, the intention is to focus on key issues – public policy issues, economic trends, economic events – and present an authoritative, expert analysis which contributes to both public understanding and public debate. Papers will be published on a continuing basis, as topics present themselves and as resources allow.

The authors of this paper are Michael O'Neil, (Executive Director) and Peter Lumb (Research Associate) of the South Australian Centre for Economic Studies.

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The paper is, however, prepared totally independently of government agencies. The views expressed in the report are the views of the authors.

Michael O'Neil
Executive Director
SA Centre for Economic Studies
November 2008

Note: A copy of the Centre's final report, "Review of Initiatives into Workforce Re-Engagement of Long Term Disengaged Workers", September 2008 is available at: www.workcover.com

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Assisting Injured Workers Return to Work: The Economy Needs You!

Overview

This paper summarises a larger report¹ addressing the potential contribution of active labour market programs in assisting injured and recovering workers return to work.

Recent reforms to WorkCover emphasise the importance of return to work as a *process* on the pathway to rehabilitation and as an important *outcome* for the injured worker.

The paper argues that there are valuable lessons to be learnt from the way in which many successful labour market programs are able to transition the long term unemployed into sustainable employment and that these lessons are applicable to long term workers' compensation recipients.

The South Australian labour market, the economy, employers who pay levies to the scheme, and injured and recovering workers will all benefit from an improvement in the rate of return to work.

Key principles in the design of assistance programs (and these are relevant to the worker's compensation environment) include:

- training should be closely targeted to the needs of industry or local employers and match the interests of the cohort of job seekers (latter involves careful selection of job seekers or WorkCover claimants);
- programs should generally be small in scale and again, be targeted at skills in demand or the needs of employers;
- achieving a qualification or certificate is important for some participants and for some industries, as it signals to the employer competency, skills and employability;
- combination programs work best as they have the capacity to address 'multiple barriers' to employment and are able to be tailored to the needs of the individual. Combination programs may involve, *inter alia*, training on and off the job, work placement, mentoring, job search assistance, and follow up once in employment;
- early intervention is advisable, whether this involves the unemployed job seeker or those currently at school who are at risk of leaving school without a sufficient foundation to compete in the labour market (applies equally to injured workers); and
- there are job seekers with entrepreneurial skills and talents who have the capabilities and desire to commence their own business who would benefit from training and business start up support.

Voluntary participation is also important, training needs to be delivered flexibly, with some tailoring around the time commitments of the participants, individual learning needs, while local projects should attempt to mirror employment disciplines and conditions as much as possible.

This paper is one contribution to the reforms already underway to the South Australian Workers Compensation System following the Clayton Review (2007). The challenge is to improve the circumstances of people who have experienced a workplace injury and who remain outside the paid labour force. It is vitally important that we rehabilitate and return injured workers back to safe employment and the community.

All stakeholders need to contribute to improving South Australia's injured workers return to work because in short — the economy and community needs you!

Introduction

*... more effective
rehabilitation ... early
return to work ...*

An independent review of the South Australian Workers' Compensation System — the Clayton Review (December 2007)² — concluded that a number of the objects of the Workers Rehabilitation and Compensation Act 1986 (WRCA) were not being met. Principally, the compensation system is “failing to provide for the effective rehabilitation of disabled workers and their early return to work (RTW), and the system is failing to ensure that employers costs are contained within reasonable limits.”³

An ‘immense challenge’ (Clayton 2007, p. 167) remains to improve the circumstances of people who have experienced a workplace injury and who remain outside the paid labour force, while receiving compensation through WorkCover. Long-term workers' compensation claimants, like the long-term unemployed, experience greater social isolation and tend to have diminished health outcomes and be subject to higher levels of depression and substance dependence. More effective assistance for injured workers (some who retain an ongoing disability) which supports them into sustained work will improve a range of personal as well as wider social, economic issues while at the same time containing costs to employers.

The Review noted that South Australia has the lowest return to work rate of all Australian states, the worst funding position, highest levy rates paid by employers and an ongoing increase in the number and length of longer term injured workers (and hence claims).

*... long term claims segment
represents a significant
challenge ...*

The Clayton Review further reported that the long-term claims segment represents approximately 30 per cent of the WorkCover claim numbers and over 50 per cent of WorkCover scheme liabilities (i.e. the economic cost of this claims tail accounts for more than half of the schemes liabilities). This presents an immense challenge to the WorkCover scheme.

The Review stressed the primary purpose of the WorkCover System was to ‘rehabilitate and return injured workers back to safe employment and the community’. The emphasis on assistance to injured workers to enable them to return to work is appropriate in our view, when it is understood that the major costs and consequences of accidents and occupational injury are borne by injured workers.⁴

Delayed return to work can result in broader social costs including, *inter alia*, depression and isolation, loss of contact with work colleagues, family breakdown, reduction in quality of life and diminished health outcomes unrelated to the original injury.

*... initiatives to enhance
return to work outcomes ...*

The Clayton Review proposed a package of improvements designed to achieve a higher rate of return to work including, *inter alia*, the following:

- a step down in weekly payments in line with schemes in other states to support the incentive to return to work;
- restrictions on the use of redemption payments, except in special circumstances, to reinforce the incentive to return to work;
- the establishment of a return to work fund of \$15 million ‘to improve rehabilitation and retraining activities, and to fund projects and research to improve return to work outcomes’, particularly in areas where there are current skill shortages;
- shifting the focus from liability determination to injury management including early contact between the various stakeholders;
- the creation of properly-trained rehabilitation and return to work co-ordinators (RTWCs) following similar arrangements in Victoria; and
- improvements to the work capacity test and review to assess the potential (with tailored assistance) to return to work.

Equally far reaching were recommendations contained within the Review, that a much greater emphasis should be placed on ‘return to work strategies and initiatives’ in line with the practices in other states. The experience in other states is that return to work strategies are premised on the involvement and cooperation of the pre-injury employer, the injured worker, WorkCover and their agent/s, rehabilitation and vocational providers and the medical fraternity.

*... learning lessons
appropriate to workers
compensation environment
...*

The Review was mindful of the challenges involved in returning injured workers to work, particularly those who have been out of the workforce for long periods of time. The Review noted that there were few really exemplary examples of return to work programs but that programs designed to assist the long-term unemployed return to work may provide valuable lessons for the workers’ compensation environment.

The South Australian Centre for Economic Studies was commissioned to undertake a study into the effectiveness of active labour market programs in assisting the unemployed return to the workforce; to consider successful “return to work programs”; and extract lessons and features of those programs that are considered relevant to the workers’ compensation environment.

While this study was commissioned to specifically address Rec. 45 (see over) other recommendations highlighted the potential role of WorkCover to contribute to workforce and industry development strategies, employment outcomes for injured workers and innovation to improve return to work outcomes.

Most relevant to this study were the following recommendations:

- Rec. 44** That WorkCover Corporation engage with existing workforce development strategies and initiatives, such as South Australia Works, Industry Skill Boards and Group Training Organisations, to enhance the employment opportunities for injured workers.
- Rec. 45** That the lessons from initiatives for transitioning the long-term unemployed to employment, such as Goal 100, be assessed for their application to long-term workers' compensation beneficiaries.
- Rec. 47** That WorkCover Corporation establish a Return to Work Fund, similar to that existing in Victoria, to fund innovative and quality initiatives for improving return to work outcomes.
- Rec. 48** That the WorkCover Corporation build upon existing initiatives to make the fostering and facilitating of more supportive workplace cultures within and across the schemes employer community (both levy-paying and self-insured) a key part of its regulatory mission and programme (e.g., use of return to work coordinators).

This study has been guided by the significant criticism contained in the Clayton Review, that:

“the scheme is failing to provide for the effective rehabilitation of disabled workers and their early return to work.”

The central questions arising from a systematic failure to achieve a higher rate of return to work include, *inter alia*:

- the potential role of labour market programs in improving sustainable employment/return to work outcomes;
- how can labour market programs provide more effective support for long-term compensation recipients; and
- how best to tailor assistance, including operational procedures such as referrals and the timing of referral to labour market and vocational assistance providers.

Three tasks were undertaken by the research team and the following discussion is based on each of these tasks:

- brief review of the South Australian Labour Market in the next decade and the need for skilled employees;
- a review of the literature on the most effective measures to assist injured workers return to work; and
- an assessment of successful active labour market programs, their design features and relevance to a workers compensation environment.

South Australian Labour Market in the Next Decade: Skills, Workforce Development and Long-Term Injured Workers

Opportunities to return injured workers to employment are influenced by a range of factors including most obviously, the significance of the injury or degree of disablement, the response of the pre-injury employer, the motivation of the injured worker, the demand for skilled labour and the state of labour market more generally. As at June 2008 the researchers noted that there were some 3,000 workers who have been receiving income support from WorkCover for three years or more and 2,400 injured workers on income support for between one and three years.

... many injured workers have skills and experience in demand across SA labour force ...

The demand for a skilled workforce and the need to increase labour force participation rates have never been stronger in South Australia than at the present time. Injured and recovering workers who have skills, extensive workforce experience, trade qualifications, knowledge of the disciplines of the workforce are vital to the growth of the local economy. While the economy may slow over the next twelve months in the wake of the financial crisis, the critical need for skilled workers to maintain the competitiveness of the South Australian economy and to replace retiring workers will remain.

Higher rates of employment participation and social inclusion will be advanced by re-engaging injured workers as quickly as possible.

A recent *Review of Skills and Workforce Development in South Australia* (Keating Review, June 2008) reiterated the necessity for South Australia 'to increase the rate of labour force participation', because the state is faced with an ageing population, fewer younger entrants into the labour market and strong growth in employment demand. The report noted:

"To meet the projected employment demand, participation will need to increase from its present rate of 62.9 per cent to 65.7 per cent by 2017-18. This increase in employment participation will necessarily have to come from those people who are presently not employed. Many of these people are on the margin of the labour force, often receiving some form of social security assistance. Thus this improvement in labour force participation should both facilitate and require a substantial improvement in social inclusion" (Keating 2008, p. 1).

The Keating Review also pointed to the need for greater engagement with industry as it is 'industry that employs people, uses their skills, and frequently helps people to further develop their skills' (p. 4). Engagement with individual employers and industry groups including the nine Industry Skill Boards (ISB's) located within DFEEST to, *inter alia*, "facilitate collective action by industry to solve skill shortages where they exist on an industry-by-industry basis" (p. 82), as a way to address the demands for skilled labour is a message or theme which is equally relevant for WorkCover in returning injured and productive workers to the workforce.

All of the above discussion (illustrating the very strong demand for skilled labour) is in some way relevant to injured workers, the workers compensation environment and how we view workers who currently have an injury, but have previously been contributing and productive members of the workforce.

WorkCover faces an immediate challenge to improve the durable return to work rate (Australian average 80 per cent in 2005/06: South Australian average 67 per cent).⁵ Engineering a “cultural shift” over the longer term for all stakeholders involves incorporating assistance for injured workers into:

- broader strategies for skills and workforce development; and
- industry workforce action plans.

A “cultural shift” is used here to imply that while WorkCover is a compensation scheme, the organisation itself and injured workers should be seen to be, and should actively seek to be, integrated into state and industry workforce development. WorkCover may choose to be viewed as an organisation that is instrumental in helping to return injured workers to the paid labour force, as an organisation that re-equips workers, as an organisation that contributes to improvements in the workplace including safer workplaces, and as a labour supply organisation. It follows that given this identity and mission, systematic processes and procedures and a culture of achieving stated outcomes is then designed or geared to meet this objective.

... matching injured and recovering workers to skills in demand ...

To illustrate this point the researchers compared the demand for skilled labour for 20 occupations across South Australia where that demand currently involves interstate and overseas recruitment/migration as well as greater output from local training organisations. As at June 2008 there were 506 Metal Fabricators on WorkCover in 2006/07 and South Australia is seeking to recruit over 100 metal fabricators; similarly registered nurses — 692 on WorkCover and 50 required. The occupations of motor mechanic, engineering process worker, fitter, police, secondary and primary education teachers, represented in WorkCover claimants were also in high demand across the South Australian labour force.

From a South Australian perspective we have resources committed to competing for and attracting skilled migrants for occupations in which we have a large number of injured workers and low return to work rates. It can reasonably be concluded that improved and sustainable return to work outcomes are an important component of South Australia’s workforce development strategies.

Literature Review

SACES conducted a literature review related to injured workers and their return to work.⁷ The literature describes initiatives to re-engage long term unemployed people when the cause of unemployment is either recovery from a serious workplace physical or psychological injury or

because they have an enduring disability due to a previous workplace injury.

Understanding most of WorkCover's injured and disabled workers' general social and economic position indicates that Active Labour Market Programs (ALMPs) designed to assist injured workers need to address a range of issues such as a lack of education and training, lack of optimal health generally, for example obesity, smoking and psychological distress are more prevalent in this quintile of the population. ALMPs which seek to engage people with disabilities need to mitigate a range of structural disadvantages which make re-engagement with paid labour especially difficult.

Injured workers can be seen as having a secure but usually modest income of 80 per cent of their previous average weekly earnings after 26 weeks (WorkCover 2008, p. 6), and in this respect they are different to people on New Start or those who engage with Disability Employment Network (DEN) providers. While a secure income can facilitate social inclusion, which then mitigates the negative outcomes of social isolation, the health and well-being risks of social isolation remain when there is income but not employment.

Most adults spend a high proportion of their lives at work. As well as income, the workplace is where many of us find friendship, fulfilment and the emotional interactions that enrich our lives. Policy makers insist with some vigour that unemployment has a corrosive effect on well-being and overall happiness. The association of worklessness with poor physical and mental health is now endorsed by a weight of unquestionable evidence.⁹

Broader social and economic issues are evident beyond the worker's disability and return to (pre-injury) work. Injured workers often experience multiple disadvantages. Cultural mores embedded in 'bad work' act as disincentives to injured worker's re-engagement in paid labour, perhaps especially with the prospect of a usually secure but modest income into the future. As Clayton comments, "the major thrust of this Review (i.e., Clayton) is that the South Australian workers' compensation scheme must be utilised in a manner which strongly promotes return to work outcomes through processes that are both fair and equitable" (Clayton 2007, p. 29).

Disabled worker's health, the significance of the disability, prior education/training, the quality of work and the injured workers understandings of the benefits of being active in paid labour all need to be central to ALMP developments. There are broad population, health and wellbeing issues to address in order to create the conditions for successful ALMPs for this population.

The literature review reveals that there is a changed intellectual climate in work injury rehabilitation issues. The literature review confirms that in Australia and other countries, greater attention is now given to a range of

... labour market programs are able to deal with multiple barriers to employment ...

issues related to work injured/disabled workers and their workforce (re)engagement. In the past the emphasis has been on physical, psychological and emotional characteristics of injured workers and the possibility of medical cure and on scheme legislative and regulated settings.

Insurance providers have also been keen to have predictive models based on injured worker variables so that approximate return to work times could be predicted and costed (Mackenzie, Morris and Gregory, 1998). There has been less attention to the diversity and myriad of professionals encountered by injured worker as they go through the process of registering a claim and begin moving towards labour market engagement. Notwithstanding, it is workforce engagement characteristics which provide the context for this review.

With respect to facilitators and barriers, the literature review stressed the complexity of issues various authors identified

Work disability and return-to-work are multi-determined outcomes that cannot be accurately predicted just from knowledge of the medical or physical dimensions of the injury or condition. On the contrary, a very wide range of determinants of return-to-work have been identified in the research reviewed.

Characteristics of the injured worker, components of particular medical and occupational rehabilitation interventions, physical and psychosocial job characteristics, workplace factors, the insurance or workers' compensation scheme and broader societal factors such as labour market conditions and the prevailing legal framework have all been shown to have some role to play in influencing return-to-work outcomes independently of the underlying medical condition (Foreman, et al, 2006, p. 4).

The effectiveness of workplace interventions for example is noted by several authors.

There is growing consensus that while attending to the physical/medical aspects of the work-disabled employee is important, much of the variability in return-to-work outcomes is accounted for by what takes place at the workplace ...For example, there is increasing evidence for the greater effectiveness of workplace based interventions as opposed to interventions provided outside the workplace.¹⁰

*... important role of the
workplace in return to work*

...

'Workplace based interventions', including the obligations of employers to initiate and contribute to return to work strategies have become a first priority and the researchers noted that this approach has been adopted by WorkSafe Victoria.

Responding to this priority, WorkCover recently commissioned the Australian Institute for Social Research to examine specific workplace factors that affect the achievement of positive return to work outcomes.

Key Success Factors in achieving effective return to work as noted in the report prepared by the Australian Institute for Social Research¹¹ included:

- *The workplace has a critical role to play in preventing work-based injury and illness, and in promoting timely and effective return-to-work following injury or illness. This is a key finding of the project as a whole and of previous research.*
- *A proactive approach that includes a range of initiatives designed to achieve effective return-to-work, the monitoring of those initiatives to ensure that they are having their desired impact, as part of a broader message that workplace and worker safety are valued.*
- *Early intervention that includes the establishment of policies and procedures that encourage early reporting of illness or injury and a timely return to the workplace.*
- *The use of work accommodation to enable timely return-to-work that is located as close as possible to the employee's usual work site.*
- *The involvement of the work team through a sharing of information about the injury and required treatment. This has been found to encourage supportiveness from colleagues which in turn, is important in achieving effective return-to-work.*
- *The use of a Return-to-Work Coordinator (RTWC) and a Return-to-Work Plan that involves managers/supervisors and team members.*
- *The provision of information packages that enable employees to be fully aware of workers' compensation processes.*
- *A 'hands on' approach whereby the site manager plays a central role in the claim management and return to work process. This 'local ownership' of the process ensures that meaningful and appropriate alternative duties are considered and facilitates prompt re-integration with the employee's usual work environment. Rigorous adherence to timeframes relating to the completion of claim documentation, medical assessment, return to work/rehabilitation planning and role diversification to facilitate the most timely return possible.*
- *Facilitate the most timely return possible. Fostering and maintaining positive working relationships between the workers compensation staff, line management and the injured workers.*

... more systematic, proactive and hands on approach is required ...

The workplace is central to a timely return to work and thereby reducing an inflow of work injured or work disabled people into long term income support through WorkCover.

The vital importance of employers and workplace organisation is further demonstrated by the authoritative Institute for Work and Health in Canada. The Institute conducted a systematic review of literature since 1990 and included 35 quantitative and 15 qualitative studies. Overall 'the review found that workplace based return-to-work interventions have positive impacts on duration and costs of work disability'.¹² Seven 'Principles' derived from the research. These were:

... key role for return to work co-ordinators ...

1. *The workplace has a strong commitment to health and safety which is demonstrated by the behaviours of the workplace parties.*
2. *The employer makes an offer of modified work (also known as work accommodation) to injured/ill workers so they can return early and safely to work activities suitable to their abilities.*
3. *RTW planners ensure that the plan supports the returning worker without disadvantaging co-workers and supervisors.*
4. *Supervisors are trained in work disability prevention and included in RTW planning.*
5. *The employer makes an early and considerate contact with injured/ill workers.*
6. *Someone has the responsibility to coordinate RTW.*
7. *Employers and health care providers communicate with each other about the workplace demands as needed, and with the worker's consent (IWH March 2007)*

These principles sets out actions expected of employers and supervisors in relation to the injured worker which allow the injured worker to remain appropriately attached to paid labour. The intent is to maintain workforce engagement (a philosophy adopted by WorkSafe Victoria) and thus minimise long-term income dependency.

These findings for the most part emphasise retaining injured workers at work, rather than returning injured workers to work after experiencing injury or disablement. The literature review reinforces the central importance of the workplace for early return to work, built around employer involvement and sponsorship and employee obligations.

In summary, on the basis of considerable evidence the previously dominant illness/injury – recovery/cure approach has been set aside. While medical assessments and treatments remain vital, the picture is now bigger and more complex and workplaces and employers are central to the activation of healthy workplaces and healthy workers.

Clayton concurs ‘The empirical record, ...emphatically demonstrates that the strongest correlate to early and durable return-to-work outcomes is a positive and sustaining workplace culture’ (Clayton Dec 2007 p. 13). In addition trade union involvement in disability management is effective along with collaborative labour/management approach to planning and implementation (Clayton 2007, p. 33).

The key messages from the discussion and literature review above are:

- WorkCover’s long term workers with disabilities are not randomly distributed, but are a part of a population which experiences the highest rates of injury, burden of disease and premature death. These workers will usually bring with them other complex health and well being issues in addition to their recent workplace injury. All issues need to be addressed when re-engaging with labour market programs;

- long term disability and unemployment diminishes income, health and well being and costs accrue to families as well as health and welfare agencies so early intervention is critical;
- facilitating return to work requires significant input from employers and work teams, and this effort can be applied to an established range of known effective employer practices;
- the literature supports the view that a biopsychosocial approach to re-engaging those who have been outside the labour force long-term due to disability is more effective than the traditional medical model of a singular focus on cure and recovery prior to re-engagement with paid labour;
- good quality work, employer and workplace involvement are required for durable return to work. Employers are required to be active in providing ‘good work’ in order to ensure durable employment outcomes including minimising (or eradicating) the condition which may contribute to work related injuries; and
- ALMPs will recognise these established structural issues but also recognise that injured workers are experienced workers with accumulated knowledge and skills. Re-engaging capable workers into paid labour is the ultimate goal.

Return to Work: Providers, Services and Case Studies

The researchers presented a range of case studies including interviews and responses from providers of services either involved with return to work (e.g., WorkSafe Victoria, TAC Victoria), rehabilitation and labour market providers who work with injured workers, the disabled and long term unemployed, to illustrate the design and operation of individual employment projects that have been successful in helping the long term unemployed return to gainful employment. Case studies also included projects sponsored by community organisations, employer bodies, a union and regional community labour market providers.

The purpose was to draw out lessons from labour market programs that may be relevant to assisting injured workers return to work, how assistance measures might be designed (e.g., content, length, employer relationships, etc.), whether active labour market programs are appropriate in the workers compensation environment and at what point should intervention or the offer of participation in labour market programs occur.

The potential contribution and role for active labour market programs within a workers’ compensation environment was evaluated against the following:

- WorkCover should not be seen as an ‘alternative training agency’ or a way to receive a guaranteed income while seeking to change careers (i.e., this implies short, discrete targeted courses for specific skills and occupations rather than generic courses);

- WorkCover should not be seen by the injured worker (or work colleague) as an avenue out of an occupation;
- programs may be designed specifically or tailored for an *industry* or *occupation*, they may be *place based*, or designed around the needs of a specific group (*cohort based*) or involve *individual* referral;
- ALMPs can contribute to building a culture and the common goal of return to work, linked to a RTW plan with commitments and obligations for the employer, the injured worker, RTWC, rehabilitation providers, EML and WorkCover; and
- the longer the period of inactivity outside of paid labour prior to referral the more likely that the individual will require assistance to overcome personal barriers prior to undertaking work skills development.

A common element across the case studies, the services, programs and individual projects is that they are all *outcome oriented* and the outcomes are measurable and they are measured.

Specifically relevant to the workers compensation environment are the following findings from a review of active labour market programs¹³:

- RTW is the end objective (*outcome*) and also part of the *process* of successful rehabilitation (WorkSafe);
- employer engagement in RTW or supporting local projects is critical (WorkSafe, illustrated in specific case studies);
- matching demand/supply for skilled labour or matching a worker's capability with specific employment contributes to successful outcomes (WorkSafe, TAC, individual case studies);
- the longer the period of time that an individual is inactive or out of the paid labour market the more likely that other personal barriers will need to be addressed and included in labour market programs (Goal 100, Workforce Participation Partnership program, Brotherhood of St Laurence);
- combination programs involving training, a work placement, sometimes (but not always) a wage subsidy, with personal support in employment appear to achieve the most sustainable employment outcomes. The offer of employment at course end has also been shown to be important (Goal 100, Victorian Automotive Industry, individual case studies);
- for younger long-term unemployed mentoring and support once in employment helps to sustain employment outcomes. Return to Work Coordinators may play a very similar role in a workers compensation environment;
- with relatively small scale funding, for groups of up to 15 participants, over a period of 12-15 weeks where training is combined with on the job experience, then labour market programs are able to achieve significant employment outcomes. Small scale discrete programs appear to work best;

... need for early
intervention and to be
proactive to achieve
employment outcomes ...

- specific industry based training, employer based training or training for skill vacancies have shown to be successful, whether projects are sponsored by employers (Goal 100, Automotive Industry), or sponsored by community agency/labour market providers (Brotherhood of St Laurence, ethnic community training providers, and projects funded by DFEEST: SA Works in the Regions¹⁴). Partnerships are a key element in all these projects;
- the case studies illustrate the absolute priority given to post program outcomes. Participants understand that the subsidy, the temporary work placement or the course/training will cease at some future date. Activities are goal oriented and projects are designed to achieve outcomes. Recent changes to WorkCover illustrate similar priorities and objectives;
- partnerships with employers are an increasing dimension in many labour market programs as employers receive benefits in the form of workforce recruitment, trained and more immediately productive employees.

The more successful labour market employment projects are based around good labour market knowledge, they are usually discrete and targeted at specific skills, occupations or employers, often conducted with employer support¹⁵ and they combine personal development with skills acquisition. Projects attempt to match employer/employee interests while also matching demand/supply for skilled workers.

After reviewing the literature, interviewing a range of training providers and preparing summary case studies of labour market programs that had achieved successful outcomes for the long term unemployed (many with multiple barriers to overcome), the researchers concluded that labour market programs could be valuable in assisting the long term claimant cohort registered with WorkCover. Specifically, injured workers on long term claims are required to re-assess future careers and employment options. Building on professional, independent assessment of a worker's capabilities, labour market and career development programs are able to be flexibly designed to equip workers with skills and provide opportunities for trial, work placements.

The fact that an injured worker is receiving income is not a limitation to participation — it is an advantage. The motivation to participate and return to the paid workforce is critical. The compensation system can contribute to this where return to work is the end objective (*outcome*) and participation in the RTW process is viewed as part of successful rehabilitation.

Labour market programs, involving WorkCover and workers with injuries or disability receiving compensation payments would need to carefully consider program ingredients which are less discussed in most of the labour market programs. Considerations for WorkCover supported programs include:

- individual work related ability and disability assessments related to the targeted skills shortage;
- personal support programs which include managing individual identity challenges given the acquisition of disability;
- the relevance of pre-injury work experience, and the persistence of work skills; and
- how to assemble and refer a cohort of participants to relevant programs (by location, job/career direction, stage of recovery from injury, etc.). The approach suggested to us was for WorkCover, acting through training providers, to offer a suite of courses including courses/training developed with employers, based on known job vacancies.

The long term claimant cohort generally have fewer qualifications and post secondary education participation and may initially be reluctant to return to a “classroom setting”. This is also the case for many who are long term unemployed and who have multiple barriers to employment. The case studies successfully addressed this reality in the design of each program, the peer support that occurs within each program, attention to individual needs and the goal of employment as a positive outcome so we are confident they can do likewise for injured workers in a workers compensation environment.

While WorkCover should not be seen as an “alternative training agency” training and work placement that builds on a worker’s workforce experience and targets job vacancies is likely to be a more cost effective outcome than an elongated period of inactivity and income compensation.

Assessment of whether the worker is able to return to their pre-injury employer (balancing the obligations of the employer) should occur as early as possible. Different pathways will be required based on whether the worker is job attached or unattached.

A potential innovation suggested by the researchers was the development of a dedicated website to house information on the job seeker returning to work outlining their experience, skills and preferred occupation/industry. ‘Preferred employers’ would be able to access the site, contact and recruit workers, lodge employment vacancies and opportunities for trial placements. Non-government organisations (NGOs) offering to host employees returning to work could also register opportunities for trial work placement. Such an initiative would help to reinforce the objective of return to work and the instrumental role that WorkCover can play in linking the demand for labour with the supply of labour.

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End Notes

- ¹ SA Centre for Economic Studies (2008), “Review of Initiatives Into Workforce Re-Engagement of Long Term Disengaged Workers”, September.
- ² Hereafter referred to as The Review or Clayton Review.
- ³ Clayton, A and Walsh, J, “Review of the South Australian Workers Compensation System”, December 2007, (p. 1).
- ⁴ In the USA it is estimated that 80 per cent of the true costs are borne by workers, 11 per cent are employer insurance premiums and 9 per cent by the general taxpayer, see Mustard, C, “The Broad Conceptualization of Work and Health”, in *Economic Evaluation of Interventions for Occupational Health and Safety: Developing Good Practice*, Tompa, E. *et al*, Oxford University Press, p. 7.
- ⁵ “Comparative Performance Monitoring Report”, 9th edition, p. 27, Indicator 24.
- ⁷ Clayton (2007) is clear and direct about where to look for potentially helpful learnings. In addition WorkCover officers responsible for managing this project provided helpful references.
- ⁹ Coats and Max, 2005 p. 11.
- ¹⁰ Foreman, 2006, p. 22.
- ¹¹ “The role of the workplace in Return to work – an evidence base for informing policy and approaches” (Barnett, Spoehr, Parnis et al April 2008)
- ¹² IHW, March 2007, p. 1.
- ¹³ Source of the references, agencies and/or programs is in parentheses.
- ¹⁴ While not considered in this report the Boys Town project at Port Pirie, and projects conducted by regional community centres are examples of successful partnerships.
- ¹⁵ This may take the form of involvement in off-the-job training, preparedness to offer host placements, commitment to employ course graduates.