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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.

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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

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.

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!

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

Most relevant to this study were the following recommendations:

Rec. 44 That WorkCover Corporation engage with existing workforce

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

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”

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

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

*... 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

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

...

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

- 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
-

*... 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 DFEEEST: 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:

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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.