



Inquiry into the 2022 Review of the Workers Compensation Scheme
Response to supplementary questions arising from hearings held
on 8 September 2022

**Answers prepared by researchers from the Mental Wealth Initiative,
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To: Hon Chris Rath MLC
 Chair
 Standing Committee on Law and Justice
 Parliament House
 6 Macquarie St
 Sydney NSW 2000

Re: 2022 Review of the Workers Compensation Scheme

Dear Mr Rath

The Committee has requested responses to 7 questions. They concern a lot of important matters. Full responses would take a significant amount of time to prepare – for which we lack the resources to research and draft. As far as we are concerned Question 1 is the most important. A quite detailed response has been prepared for it. The other responses are briefer.

To help streamline our responses we have clustered them into two categories:

(a) the four concerned with social capital in the workplace. That is

(Question 1) what social structures of support need to be re-introduced in the workplace?

(Question 4) why have they declined?

(Question 5) how can they be improved? and

(Question 7) how can we make markets servants and not masters of social development?

(b) the three questions that deal with specific issues. These concern

(Question 2) the finance sector,

(question 3) personal carers and

(Question 6) integrated health care.

This report will have some glitches in it because it has been prepared in a situation of limited resources and many other pressing commitments. We assume a reader more interested in the substance of what we have to say than perfection in drafting and proofing.

Professor John Buchanan

18 November 2022

(a) The nature of social capital in the workplace and its implications for RTW.

The submission from the Mental Wealth Initiative noted, inter alia, that there is not a huge literature on the nexus between RTW rates and workplace social capital. That which exists reveals that employees returning to workplaces with stronger social capital had RTW rates that were up to 25 percentage point higher than those with weaker social capital. This prompted four questions from the Committee.

Question 1: What structures of social support referred to on page 24 of Hansard need to be re-introduced into workplaces?

This is a good question. It is understandably motivated by the empirical finding reported to the Committee: where workers on compensation reported their employers provided a favourable work setting, return to work rates were around 25 percent higher than where workers on compensation reported do not have such favourable work settings. Preparing the answer to this question has taken quite some time to think through and some and follow up research. We present the answer as simply and clearly as possible below. It deals with the following matters:

- Social support is shaped by both large-scale social forces as well as immediate work settings – overcoming its decline is not simply a matter of ‘re-introducing’ what has disappeared.
- The key broader social forces are production-consumption flows and the division of labour (i.e. industry and occupational dynamics)
- These forces coalesce in the immediate work environment. In this way they shape the structures of social support that is the immediate determinant of return to work for employees suffering compensable injury and disease of interest to the Committee.
- So-called expansive and restrictive workplaces do not exist in isolation – rather they can only be understood in the context of how broader forces are managed through public institutions and how business models are structured at the enterprise level. These either nurture or minimise the development of human capability on the job.
- Conclusion – while some improvements in social support are associated with better approaches to things like workplace leadership, in isolation changes of this nature can achieve little of an enduring nature. Such change requires systemic reform – something NSW is well placed to achieve directly in the Treasury Managed Fund. As a model of change this could then provide leads on how to lift the performance of the Nominal Insurer Scheme.

The following sections elaborate on this summary of findings.

(i) *Social support is shaped by both large scale social forces as well as immediate work settings*

Social support in the workplace is not something that can be ‘introduced’ and ‘re-introduced’ at will. It is true that some firms do provide things like mentoring services, employment assistance programs (EAPs) and leadership development programs directed at supporting workplace well-being. These activities are not the kind of interventions that provide deep day to day support – the kind needed for making workplaces good places to work in the sense of nurturing ongoing social and emotional well-being as well as technical development and operational performance.¹

¹ For a summary of this research relevant to understanding the social dimensions shaping the work-well being nexus see Buchanan et al 2016: 14 – 22.

Social support in the workplace is studied by a range of researchers from a variety of disciplines. In the domain of workers compensation and work health and safety those from a psychological and/or biomedical background dominate. Such researchers are not afraid to call out damaging practices – but they tend to focus on issues at the individual, workgroup, or workplace level. Arrangements of social support, however, are shaped by a wider range of factors as well. One of the founding texts of sociology as a discipline was on *Suicide*, by Emile Durkheim (1897). His argument was seminal: while commonly thought of as being the ultimate act of the individual – he showed that social patterning (associated with religious affiliation) was a key factor associated with different levels of suicide across France. Catholic France, Durkheim argued, had a lower suicide rate because it had more structures of support associated with religious relations mediated by human personnel (i.e. priests). For protestants (who were more prevalent in northern France) such supports were not as elaborate, based as they were on a theology of the individual needing to have a direct relationship with God.

In answering this question, I draw on insights from four social science research traditions that have examined the links between local workplace developments and bigger contexts. These literatures are from economic history (especially those strands referred to as historical political economy and contemporary economic history²), economic sociology (especially the societal effects/production systems school³) and industrial relations⁴. The literature that ties these analytical traditions together in a way most relevant to answering the question is that concerned with the dynamics of workplace learning. This latter literature is especially relevant because it grapples with many issues similar to those associated with the dynamics of returning to work after injury or disease. The workplace learning literature examines the development of human capability primarily for those entering and making initial progress in the workplace. The return-to-work literature examines the closely related issues of labour market re-entry and the further development of human capability in the context of recovering from injury and disease.

(ii) *The key contexts: production-consumption flows, the division of labour and the immediate work environment*

A particularly incisive summary of the literature on workplace learning is provided by Professor Ewart Keep of Oxford University in a very useful paper entitled ‘Recent Research on Workplace Learning and its Implications for National Skills Policies Across the OECD’ (Keep 2010). This highlights how developments at workplace level cannot be properly understood independently of three broader social forces. These are:

- The production and consumption setting of a workplace (With apologies to John Donne: this is the reality that no workplace is an island.)
- The division of labour (This defines dynamics of discretion and trust in working relations that are embedded in occupations: their structure and evolution.)
- The immediate work environment (This is the site where production and the division of labour come together - or more technically are integrated - on a day-to-day basis).

² See especially the work of Adam Tooze, *Crashed How a decade of financial crises change the world*, Penguin, UK, 2019 and *Shutdown: How Covid Shook the World's Economy*, Allen Lane, UK, 2021

³ See especially the work of researchers like Jill Rubery and Damian Grimshaw, *The Organisation of Work: an international perspective*, Palgrave MacMillan, London, 2003

⁴ See especially Howard Gospel, Markets, *Firms and the Management of Labour in Modern Britain*, Cambridge University Press, Cambridge, 1992.

There are extensive literatures on each of these matters. An example from each is provided to illustrate how these broader social forces shape the context in which the return-to-work process occurs.

Example of consumption-production setting of the workplace. An important force shaping workplaces arises from the nature of supply chains. The case of food manufacturing is well documented. The power of monopolistic food retailers drives down margins for food manufacturers. This pressures factories producing food products to strip out all but immediately productive labour time, leaving little time for the development of human capability on the job (Keep 2010, Bowman, Williams et al 2015).

Example of the division of labour. The classic study of relevance here comes from a study based on a detailed comparison of matched French and German manufacturing firms in the 1960s and 1970s (Maurice et al 1984, 1986). This revealed that German plants operating in the same industry, and of the same size, were between 15 – 25% more productive than their French equivalents. This was attributed to the fact that the German plants operated with a higher average level of skills (especially amongst what we could call trades level workers). The researchers traced this to inter-connected structures involving the educational, organisational and industrial relations of the two countries. These relations in Germany nurtured workers who could be trusted with a higher level of discretion and judgement on the job compared to their French counter parts. This directly increased productivity by reducing supervisory overheads and indirectly by increasing the productive potential of every intermediate level skilled worker.

Example of different work environments. A wide range of literatures identify variations within industries and occupations based on the immediate setting of work. This is behind the extensive literatures on ‘best practice’. In the next section I summarise the key elements of the literature most relevant to the Committee’s concern: that which examines the workplace factors shaping return to work rates for employees damaged by work.

(iii) Social capital and return to work after compensable injury and disease

The issue of social capital emerged as a topic of immense scholarly and policy interest in the 1990s and early 2000s. It built on the work of US political scientist Robert D Putnam (1993, 1995). The key insight informing this literature is that in thinking about economic, political, and social development attention must be devoted to understanding the strength of

‘moral obligations and norms, social values (especially trust) and social networks (especially voluntary associations). Putnam’s central thesis is that if a region has a well-functioning economic system and a high level of political integration, these are the result of the region’s successful accumulation of social capital (see Putman 1993). In the United States many social problems are caused by the decline in social capital, a tendency that has been going on [since the 1960s.]’ (Siisiainen 2000)

The emerging, highly disparate literature on social capital and return to work outcomes. In this literature the concept of social capital refers to actual and potential resources in relationships between people - a resource that manifests itself in social networks by affecting opportunities for collaboration and social support—for instance, in a workplace. (Kouvonen et al 2006, Meng et al 20018). For many researchers in this stream of work, social capital manifests itself in different types of social relations, which has led to a distinction between different types of social capital—bridging, bonding, and linking social capital. In a work setting, the concept of:

- *Bonding social capital* has its focus on relations between people who belong to the same group or team.
- *Bridging social capital* refers to relations between people who belong to different groups or teams.
- *Linking social capital* refers to relations between a work team and the management. (Kouvonen et al 2006, Meng et al 20018, Roberts-Yates 2003, Amick et al 2000).

While conceptually elegant, this approach to the topic requires modification to be useful for both empirical analysis and to provide pointers of practical relevance. Scrutiny of 29 published studies that have examined the social capital- return to work nexus reveals that researchers operationalising these concepts generally focus on three basic units of analysis:

- ‘employers’ and the perceived level of support they provide to the injured employee returning to work
- the nature and operation of ‘supervisors’ and their ‘teams’ – especially relations between them
- the work ‘group’ or ‘team’, especially the degree of support and cohesion within it.

A number of studies have found the **employer response** to a claim is the most fundamental determinant of RTW outcomes and that the quality of organisational contact is the key.⁵ The work of the ANU Social Research Centre probed for the following and found all were very important for increasing return to work rates (Social Research Centre 2022). That is, that the employer:

- ‘did what they could’
- ‘shared information’
- ‘found suitable employment’
- ‘helped with recovery’
- ‘treated the [returning worker] fairly.’

Related work for Safe Work Australia found ‘employer response to injury’ and ‘early contact’ were also associated with better return to work rates (Social Research Centre 2022).

The notion of ‘employer’ while clearly important is, however, quite imprecise. It can encompass the owner of an enterprise as a legal entity, the manager of a workplace as a physical location or the person most responsible for governing an employee day in, day out on the job. More detailed work, most of it undertaken in the Nordic countries and the Netherlands, has explored with more precision the specific mechanisms within workplace authority relations, within work groups and between work groups and supervisors that shape return to work rates.

Supervisors have been found to have a positive impact of RTW in the following ways:

- Where they distribute work fairly (Pijpker et al 2019)
- Where they involve employees in the decision-making process and reduce stressors (modifying job demands and workload) (Pijpker et al 2019)
- Where they are competent as supervisors (Johnston 2015)
- They engage or intervene early with the injured/diseased worker (Arnetz et al 2003, Cancellier et al 2016)
- Supervisors were also found to be important for:
 - o nurturing attitudes towards stigma about injury (Sears et al 2021)

⁵ Ironically the data about employers’ role comes from employee reports of their activities.

- mutual trust and justice at work (Hansen et al 2018) - and
- ensuring conflicts are resolved in a fair way (Hansen 2018, Pijpker et al 2019)

The findings about the character of **work groups or teams** that positively aided RTW outcomes are associated with various dimension of support, especially peer support (Esteban et al 2018, deVries et al 2018). Critical matters identified in a range of studies include:

- Sense of belonging in the group (Esteban et al 2018, Hansen et al 2018)
- Supportive reaction or gratitude important (Mukai 2020)
- Employees share (i.e. don't withhold from) information with each other (Pijpker et al 2019).

While not as comprehensively explored as the role of employers, supervisors and work group dynamics, two other matters that have been identified as important for shaping return to work rates are:

- effective connections between health providers, case managers, supervisors/team leaders and work groups (Franche et al 2005, Cancelliere et al 2016)
- the attitudes and expectations – as well as the capabilities – of damaged workers themselves. (Meng et al 2019, Pijpker et al 2019, Shaw et al 2020, Lovvik 2014, Rydstrom et al 2017)

In considering this literature, the key actionable insight concerns the need to support and upgrade two categories of lower to mid-level management involved in the return-to-work process: supervisors/team leaders in the workplace and case managers in the broader workers compensation ecosystem.⁶

Rich as these findings are it important to not forget the key insight the of broader literature noted above: no workplace is an island and the organisation of tasks at work occurs in the context of broader forces shaping the division of labour. Again, researchers in the workplace learning literature have generated some of the clearest insights into the context-work setting nexus – and the challenges and opportunities this creates for improving outcomes at the workplace level.

(iv) *Bringing it all together: expansive and restrictive workplaces*⁷

One of the striking features of the literature on return-to-work dynamics is the assumption that 'work' is essentially a unified category and that at best the key differences emerge from workplace level factors alone. The preoccupation is to get damaged workers back to 'work'. But work comes in many forms and - most importantly – many quality levels. If the content of a job is defined narrowly support for the development of workers is usually narrowly defined too. In workplaces providing more supportive environments work is defined more expansively, often with a concern with a workers' capacity to have a career beyond the workplace. These issues have been most comprehensively explored in studies of entry into, and development of, apprentices joining the skilled trades.

Alison Fuller and Lorna Unwin have been the leading researchers examining the nature and significance of the different workplace settings for apprenticeships. For them, workplaces fall within a very broad continuum, ranging from those characterised as 'expansive' through to those which are

⁶ It is worth noting that no recent literature has examined the role of workplace union presentation. Earlier studies did, however, identify the potentially positive (supportive) role of such roles in WHS – and most likely in RTW as well.

⁷ The following section is a slightly reworked version of material first published in Buchanan et al 2016:23 - 25

‘restrictive’ (Fuller & Unwin 2008). Table 1 provides a comprehensive summary of how they define these poles.

Table 1 Approaches to workforce development: expansive vs restrictive workplaces

Dimension of workplace		Workplace type	
Vocational development regime		Expansive	Restrictive
External reference point	Engagement with a community of practice	<ul style="list-style-type: none"> • contributes to such a community • actively participates in established or emerging skills tradition 	<ul style="list-style-type: none"> • limits engagement • no recognition or respect for tradition
Skills: nature and acquisition	Type of skill	<ul style="list-style-type: none"> • broad skills • respects value of transferable qualifications • values underpinning knowledge often learnt off the job 	<ul style="list-style-type: none"> • narrow skills • no respect for qualifications • focuses all training on the job
	Nature of skills acquisition	<ul style="list-style-type: none"> • gradual/phased learning • supports career/skill development over time • respects apprentices as learners • nurtures expanding skill set • has a clear skill regime • regular chance to learn new skills 	<ul style="list-style-type: none"> • rushed/fast learning • focuses on getting the job done • sees apprentices as workers • confines skill definition • patchy/ad hoc skills regime • hinders learning new skills
Business setting: management philosophy and enterprise structure	Alignments within the firm	<ul style="list-style-type: none"> • respects need for individual and company to benefit from workforce development • skills widely distributed • values team work 	<ul style="list-style-type: none"> • workers' needs subordinate to the firm's • polarises skills • rigid role definitions
	Role of management	<ul style="list-style-type: none"> • facilitates individual and workforce development • multi-dimensional view of the enterprise • respects and values innovation. 	<ul style="list-style-type: none"> • controls individuals and workforce • uni-dimensional/top down view of the enterprise • disregards innovation.

Source: Derived from Fuller and Unwin (2008), reproduced from Buchanan et al 2016

Their framework highlights the importance of three key factors in defining apprenticeships. The first is the extent to which the workplace is engaged with a broader community of practice. The second is the nature of the skills used and how they are developed in the workplace. The third, the broader philosophy and structure of the business operations, provides the immediate work setting for the apprenticeship and shapes profoundly the nature of workplace as sites of learning. Expansive workplaces engage with a broader community of practice (such as that associated with a trade, profession or sector) and often see themselves as contributing to an ongoing or emerging tradition of skill development. They nurture a broad range of skills, which is supported by off-the-job education in underpinning knowledge that is formalised in widely respected qualifications. Skills are recognised as something that takes time to develop and require active nurturing on the job. In these workplaces, employers respect individuals' need to gain something from the workplace (that is, to learn more than firm-specific competencies). High value is placed on sharing skills and teamwork, both of which provide the basis for ongoing innovation. Restrictive workplaces, on the other hand, are insular. Skills are narrowly defined and most attention is focused on immediately relevant on-the-job training. Little time and resources are allocated for training and apprentices are treated more as cheap employees than as learning workers. Managers are more concerned with control than with nurturing employees or teams. Little time or space is created to support innovation.

Documentation of the economy-wide incidence of expansive or restrictive workplaces is limited. Broader evidence on declining job quality and rising work intensification indicate that restrictive workplaces are on the rise (see Green 2006; Knox & Warhurst 2015). The link between these forces and continued low apprenticeship completion rates has been noted by Snell and Hart (2007), who report that in recent times there has been a decline in the level of transferable skills taught, accompanied by a narrowing of skills generally. They also argue there has been a decline in the quality of on-the-job training and learning off-the-job as employers seek to extract the maximum working hours from apprentices (Snell & Hart 2007). Recognition of these realities informed the review in Australia by the Apprenticeships for the 21st Century Expert Panel (2011), which found that there were significant systemic problems with Australian apprentices arising from the fragmentation of organisational arrangements and the growing economic pressures on enterprises to maximise short-run returns. The panel's core recommendations concerned the need for systemic changes, especially the need for a 'national custodian' to link all of the elements in the education and industrial relations systems at state and federal levels to ensure that the whole functioned as more than the sum of the parts. It also recommended a compulsory employer education contribution scheme (that is, a training levy) be established to ensure that the costs of apprenticeship training were fairly shared amongst all employers, denying employers with 'restrictive workplaces' a short-run cost advantage compared with their colleagues providing 'expansive workplaces' (Apprenticeships for the 21st Century Expert Panel 2011).

The expert panel also recommended that government funds be extended to the improvement of social, as well as vocational, support to raise retention rates. In doing this, they built on a small but important literature. Mitchell, Dobbs and Ward (2008), in their study of the apprentice-retention strategies of 25 'best practice' employers, found that the best practice firms provided some form of psychosocial support mechanisms such as mentoring and peer support. Snell and Hart (2008) in their study of the reasons for non-completion and dissatisfaction among apprentices found that 'mentoring schemes are a proven means to provide needed support' and could make the difference in keeping apprentices in their training. As a direct result of these recommendations, the Australian Government allocated \$101.4 million to a new Australian Apprenticeships Mentoring Program as one of the five major projects in apprenticeship reform for the four years from 2011–12 to 2015–16 (Australian Government 2011).

The core findings of the Apprenticeships for the 21st Century Expert Panel report, which was designed to address the systemic challenges noted by researchers such as Fuller and Unwin, were not taken up. Despite the significant investment in mentoring arrangements for apprentices the attraction, retention and development of apprentices continues to be problem to this day (Buchanan et al 2016). When the prevailing business response to political economic pressure is to create workplaces that are more restrictive than expansive in nature – outside programs endeavouring to 're-introduce' social support have limited impact.

(v) *Implications for understanding return to work rates*

The literature on workplace learning has much to offer those interested in improving RTW rates for those on workers compensation. The observations noted the last three paragraphs, however, reveal that the situation in workers compensation has much to teach those interested in skills development. What the 2011 Expert Panel called for in apprenticeship systems already exists in workers compensation. There is already a levy to socialise the costs of poor practice and there are

institutional arrangements that link the domains of work, health care and social insurance. The challenge is to ensure the potential of these structural settings is full realised.

(vi) Conclusion – beyond workplace leadership

The empirical finding that levels of employer support make a huge (up to 25 percent) improvement in return-to-work rates for people with a compensable mental health conditions is significant. The question of how we can re-introduce social support is, in this context, really important. The temptation is to say our priority should be to improve things like workplace leadership and achieve improvements to close the 25 percent return to work difference. As the material provided in the answer the question set has shown, however, the matter is not that straight forward. Structures of social support are nurtured, run down and/or allowed to atrophy by a range of powerful forces. These trajectories are not necessarily the result of direct initiatives to grow or weaken social support. Rather they are the outcome of wider forces and decisions associated with flows of production and consumption on the one hand and the evolution of the division of labour on the other. How these forces coalesce in immediate work environments provides the day-to-day setting experienced by workers. Decisions can be made within and about these environments – but they are highly constrained decisions shaped by industry and occupational dynamics. So, while we should be doing our best to support the best work environments possible, we need to be also be realistic. Improvements at this level can only achieve so much. And the issue is not just scale but duration of change. Broader contextual forces themselves need to be addressed for any positive changes at workplace level to endure.

So, what structures of support need to be re-introduced in workplaces? Within the workplace, those arrangements that nurture effective supervisors/team leaders and workplace union delegates working in concert with effective claims manager and return-to-work coordinators are the most obvious roles requiring priority attention. Occupants of these roles often function in situations of high responsibility, but with limited power and resources. And they operate in divisions of labour that limit the way human capability can be developed on a day-to-day basis. Comprehensive reform requires improvements in working environments along the lines identified – but to be effective they need to be supported by better approaches to industry and occupational development. The infrastructure for carrying such reforms through in NSW is already there. As noted, unlike our system of workforce development, those interested in return-to-work have mature infrastructures associated with clearly defined custodianship of the system, a system of socialising costs through insurance and arrangements linking workplaces to the health system. The challenge is to upgrade this institutional infra-structure. And the best place to start is the Treasury Managed Fund. In this sector return-to-work reforms can occur in a setting where dynamics associated with production flows and the broader divisions of labour can be coordinated with the Government as employer. As such, the challenge is not so much to ‘re-introduce’ social support into workplaces – but to modernise both the workers compensation system and the workplaces it supports to both reduce claims on the system and aid the speedy, effective and compassionate return-to-work of those damaged at work.

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Question 4: Your submission refers to data on business commitment to developing their able-bodied workforce and shows employer engagement with the development of human capability (as measured by levels of employ provided on-the-job training) has been in decline for some time.

4 (i) Do you have any views about what is driving this?

Answer: This is big topic. I was co-author on two books in the 1990s and early 2000s that explored the transformation of work from the 1970s through to the turn of the new century (ACIRRT 1999, Watson et al 2004). A brief update on these analyses is provided in a paper I helped prepare for UNESCO and its research program on education and the future of work (Buchanan et al 2020). In a nutshell, the key shifts have been:

- the emergence of excess capacity in the world economy following the recovery from world war two, the pressures of this became particularly acute from the early 1970s onwards
- the emergence of the finance sector (and financialisation of economic and social life) underpinning growing inequality and financial instability across the economies of the world
- the emergence of key changes in ICT and data infra-structures triggering profound technological changes
- the shift in public policy away from supporting full employment to instead prioritising price stability and the nurturing of market relations as the primary mechanism for dealing with any economic or social problems.

4 (ii) What do you believe would bring about change?

The answer to this is provided in the next question.

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Question 5: Can you outline how social capital can be improved in workplaces and what could incentivise or drive this?

Answer: Shifting the trajectory of political-economic development in a way that would help build social capital at the workplace is difficult. Initiatives should be thought of as potentially operating at a number of levels.

5 (i) Direct interventions – lessons from the training guarantee legislation.

As noted in the answer to Question 1, there are useful lessons to be learnt from developments in workplace education and training. Australia has had one very successful experiment with boosting workplace training. This was the Training Guarantee of 1990 – 1993 (see for example Hall, Buchanan and Considine 2002). There was an extensive evaluation of this intervention, based on large scale, specially commissioned surveys undertaken by the ABS. The evaluation concluded the intervention made a very big, positive difference to the level and quality of workplace training. (DEETYA 1996). Unfortunately, the Keating government, under pressure from peak employer groups, ended the intervention before the evaluation was complete.

(ii) Indirect interventions

- *government as direct employer* – Over the decades public sector authorities have experimented with being model employers. By their practice they can adopt arrangements that demonstrate how more effective and equitable employment arrangement can operate. This option remains open to the NSW. As noted in the conclusion to the answer of question one: such an approach could help reduce claims on the TMF. It could also provide a model for employers covered by the NI.

- *government procurement* – In addition to acting directly with its employees, government can act indirectly on private sector organisations by specifying standards that have to be met before non-government organisations will be considered for tenders of government work.

- *supporting intermediary organisations like group training* – changing cultures around the development and deployment of human capability is very difficult. Specialised employment intermediaries can help. For example, at their best group training organisations are ethical labour hire organisations. Their most important asset is that they have a network of field officers. This is specialised capacity that can help workplaces manage the costs and risk associated with inserting employees needing help finding their way into decent work in the labour market. Field officers help both employers and the workers involved in workplace systems of human capability development (Buchanan et al 2004) .

(iii) Broader social reconstruction – lessons from vocational education

As noted in the answer to question 1, lasting, enduring change will not occur without systemic re-alignment. Interesting examples of this happening in the vocational education field over the last half century are provided by the examples of Switzerland and Singapore. Both are known for the quality

of education systems, especially in the vocational domain. Switzerland provides an example of successful reconstruction process involving the active collaboration of employers, government and educators (Hoffman et al 2015). Singapore provides an example of a state led reconstruction process where upgrading the human capability has been integral to that national strategy of economic development (Sung 2006).

References for question 5

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Question 7: How do you 'structure our affairs so we get the best out of markets' that you refer to on page 26 of Hansard and management the pressures of competition?

Answer: this is a very big question. The most useful sources I recommend for getting a good introduction to the key issue here are provided in Chang (2011) and Mazzucato (2017). A particularly useful text using the insights from modern mainstream economics Quiggin (2019)

References

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Section (b) Response to questions on specific topics

Question 2. Your submission notes that finance has increased significantly as a source of employment but its return to work rate has been the worst of any industry by a sizeable margin. Do you have any evidence or information of the reasons why this is the case?

Answer: No. I am not an expert on the specifics of work and working life in the finance sector. This empirical regularity was identified in the data. It is a findings that warrants further attention. I suspect it will most likely be linked to an increase work intensification in the sector – but I don't know.

Question 3. Your submission notes that the occupational group growing very strongly for women has been community and personal service workers and the rise of both is associated with declining return to work rates. Do you have any views as to the link between the two?

Answer: Yes. We are currently completing a scoping study for icare. This is identifying the issues that require priority attention if we want to better understand and improve return to work rates. Our preliminary analysis reveals some strong, basic facts. Over the last 20 years the number of compensable injuries and diseases associated with work has declined in both absolute and relative terms. This is particularly the case for workers in sectors which were the original target occupations for workers comp schemes: men in blue collar occupations in agriculture, mining, manufacturing, construction and transport and warehousing. Where the increase in costs has been greatest has been in (a) services sectors (especially human services) and (b) for diseases associated with mental conditions. Human services are demanding emotionally and behaviourally. Demand for them has been growing, wages are relatively low and employment levels commonly insufficient to met rising levels of demand – both in terms of scale and complexity. We suspect this combination of factors is why RTW are declining: the damage to workers is getting greater and the capacity of workplaces to re-absorb them is declining.

Question 6: Can you please elaborate on what 'integrated care' looks like and how it could improve RTW rates?

Answer: The issue of care integration built around a focus on the patient has generated a huge literature. It has been informed by the reality that health care is often structured around models of service delivery convenient to producers – with the patient journey regarded as of secondary importance. While the commitment to excellence in the health system is undisputed, how different part of the system connect is very under-developed. This results in a disconnect between what providers aspire to deliver (ie quality services) and what citizens and patients experience in terms of health services. One useful way of summarising this anomaly has been noted by Walter Kmet, currently CEO of Macquarie Hospital.⁸

Common (if not obvious) assumptions informing ideas of health service provision are as follows:

1. Patients/customers have a health problem and health professionals fix them

⁸ Much of the material in this section comes from contributions Walter Kmet has made HPOL5006/SMB6122 – The Business of Health. This is course jointly taught by the Business School and School of Public Health at the University of Sydney. Walter has been contributing to this course since it commenced in 2018.

ie If there is a treatment/intervention provided it is needed (ie there is no overservicing or inappropriate provision of care)

2. Professionalism and care (quality and safety) of health experts is the most important objective

ie Everyone works at the “top of their licence”

3. The system is driven by the best choices

ie Outcomes represent the best “value” for those served

4. The system is connected

ie everyone within the system is working to the same plan.

What actually shapes outcomes is very different. They are shaped by the following realities:

1. Health is not just one system – but a variety of sub-systems/sectors
2. The sub-systems operate on basis of distinct drivers, funding models + incentives
3. Information, access, quality and equity are highly variable
4. Expectations of consumers are variable and changing
5. Most, if not all, of these realities are inter-related and hard wired into current arrangements.

The implications of the reality of sub-systems operating on the basis of distinct drivers, funding models and incentives are profound. Integration is not just a matter of simply ensuring alignment of activity – as these drivers, funding models and incentive are often not in alignment.

The challenge of achieving care integration, then, is not straightforward. Indeed, there is a need for deep structural change to ensure better alignment between drivers, funding models and incentives across the different sub-sectors. Given change of this is nature limited there is a need for personnel with deep skills in helping patients and citizens navigate the system as it is. Such agents are rare. As such it is widely recognised the integration of care is commonly sub-optimal.

So what does integrated care look like?

It can be defined as:

Care, which imposes the patient’s perspective as the organising principle of service delivery and makes redundant old supply-driven models of care provision. Integrated care enables health and social care provision that is flexible, personalised, and seamless. (Lloyd and Waite 2005)

Kmet has summarised how integrated care looks compared to current arrangements. This summarised in the Table 2.

Table 2: Current, fragmented care compared to integrated care

Today	The future
Treating sickness/Episodic	Managing populations
Fragmented care	Collaborative care
Speciality driven	Primary care driven
Isolated patient files	Integrated electronic records
Utilisation management	Evidence based medicine
Fee for service	Shared risk/reward
Payment for volume	Payment by value
Adversarial pay-provider relations	Cooperative pay- provider relations
'Everyone for themselves'	Joint contracting

Interest in integrated care has been growing over recent decades. Much attention has been devoted to identifying how better integration can be achieved even within the constraints of established structures. Useful papers that explore how this can be done are provided by Ham and Walsh (2013), Looman et al (2021), Sims et al (2021) and Trankle et al (2019).

How could better integrated care help improve RTW rates? In a nutshell, it would ensure workplaces got greater recognition as a site of renewal. Currently people on workers compensation enter a health system primarily geared to managing isolated episodes of acute need, delivered on a fragmented way driven by specialities. An integrated system would draw on work as a positive contributor to health and be supported by all elements of the health system coordinating its activities better. This may sound utopian – and achieving change of this nature is not easy. The extensive literature on the topic, however, documents who positive changes can be achieved.

Workers comp arrangements occupy a strategic position in the connections between the health system and work. Indeed, workers compensation systems' ongoing associations with health systems the capacity to potentially work as knowledgeable agents in nurturing better connections between different parts of the system. Instead of waiting for health care reform, workers comp systems could, potentially, play a path finder role in figuring out how to deliver better outcomes for damaged workers and the workplaces that help them re-enter the labour market. This would require leadership and resources. Currently the work of care integration with workers compensation systems falls on some of the lowest paid, poorly resourced and weakly supported players in the system: claims case managers. There is important work to be done in identifying how to define, development and support this role better if we are interested in improving RTW in the future.

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