



## **Workers' compensation inquiry: report released**

**Monday 2 June 2003, Canberra**

The House of Representatives Employment and Workplace Relations Committee today tabled *'Back on the job'*, the report of its inquiry into aspects of workers' compensation schemes.

The Committee was asked to inquire into Australian workers' compensation schemes with special regard to fraud, safety records, claims profiles and rehabilitation programs.

**The Committee found that the level of employee fraud is generally considered low, with most injured workers committed to an early return to work.**

**In fact, after conducting this inquiry the Committee believes that streamlining the workers' compensation system – including the adoption of a national framework, implementation of best practice, and improved communications between participants in the workers' compensation process – has the potential to have much greater financial impact than allocating significant additional resources to the detection of fraud.**

The report makes 15 recommendations, including in the following areas:

### **DATA**

The Committee says a lack of sound data and comparable data makes the area of workers' compensation claims very difficult to assess. Lack of industry data meant the Committee was unable to realistically quantify the level of fraud or its cost to the community. There is a pressing need for improved data recording which would enable industry trends in terms of health and safety and workers' compensation management to be tracked. The Committee recommends the Commonwealth further examine the pros and cons (including privacy concerns) of establishing a national database to aid consistency, comparisons and, possibly, interjurisdictional fraud detection.

### **LAWYERS**

The Committee is particularly concerned that advice given by lawyers may not always be in the best interests of clients in terms of the goal of achieving a timely return to work. Workers are often led to believe that a lump sum payment would set them up for life. They usually end up on social security and are supported by Australian taxpayers. The Committee recommends improved educational materials be made available to injured workers on various options available and possible associated pitfalls with various approaches.

### **INVESTIGATORS**

Reports of inefficient, unethical and inappropriate actions by investigators engaged to monitor an injured worker's behaviour were of concern to the Committee. The Committee recommends a national code of practice be developed for investigators.

### **VERTICAL INTEGRATION**

The Committee is concerned about vertical integration, where insurance companies own and operate rehabilitation and 'return to work' providers, because the financial incentive for the insurer to process claims expediently may not match the best possible long-term outcome for the injured worker. The report recommends that such vertical integration be eliminated.

.../2 (more follows)

## NATIONAL FRAMEWORK

The Committee recommends that the Commonwealth Government support and facilitate where possible the development of a national framework to achieve greater national consistency in the operation of workers' compensation schemes. The level of cover for injured workers should not depend on where in Australia they are employed. There are currently 10 different schemes operating in Australia for nine million employees. A national framework could remove complexity, deal with cross-border issues, and lessen potential for fraud and/or non-compliance. This does not mean a national workers' compensation scheme; the Committee recommends that responsibility should remain with the States and Territories.

"Workers' compensation schemes should provide injured workers with a meaningful and sustainable outcome which is best achieved in a safe and timely return to work with reasonable compensation for their loss," Committee Chair De-Anne Kelly says.

"It is clear to the Committee that there are opportunities for improvement in relation to the current practices in all sectors of the workers' compensation industry - employees, employers, service providers and insurance companies - and in the design and operation of workers' compensation schemes.

"Many of the issues raised in this inquiry reflect inadequate communication. In all sectors there is misinterpretation, misunderstanding and a lack of understanding of the process.

"The need for implementation of best practice has never been more important. Moves toward greater national consistency, as recommended by this inquiry, can only benefit this outcome."

The report is available on the Committee's website at: [www.aph.gov.au/house/committee/ewr/index.htm](http://www.aph.gov.au/house/committee/ewr/index.htm)

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### House Employment & Workplace Relations Committee

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**Deputy Chair:** Hon Arch Bevis MP

<b>Members:</b>	Mr Peter Dutton MP	Ms Sophie Panopoulos MP
	Ms Jill Hall MP	Mr Don Randall MP
	Mr Luke Hartsuyker MP	Ms Maria Vamvakinou MP
	Mr Jim Lloyd MP	Mr Kim Wilkie MP