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by

Don Stewart



Social Policy Research Centre

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FOREWORD

Workers' compensation is one of the oldest areas of the Australian welfare state, and yet also one of the least often recognised. Don Stewart's Report puts workers' compensation in this broader context.

The Report examines the relation between the worker's compensation and income support systems. Connections between these systems are often overlooked, in part because they seem to fulfil different functions and in part because they operate at different levels of government. In actuality, Stewart suggests, they are strongly interactive.

The research reported here considers the extent to which the costs of injuries at work are falling on the social security system and the taxpayer at large. Behind this question lie others. Stewart discusses the practical and conceptual difficulty of identifying work-caused injury and illness. His Report also reviews the limitations of existing data for estimating the incidence of work-caused ill health and its personal and social costs. It is concerned, too, with the limitation on personal lifestyles associated with uncompensated or undercompensated illness and injury.

This is the second Report from the author's study of the welfare functions of workers' compensation undertaken while he was employed in the Centre. In 1986 the Centre published **Workers Compensation and Social Security: An Overview**, as SWRC Reports and Proceedings No. 63. The publication of this final report marks the conclusion of that project. Don Stewart is now Project Officer with the Data Analysis Research Unit, WorkCover Authority of New South Wales.

Sheila Shaver
Deputy Director

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1. INTRODUCTION

This report examines aspects of the transfer of costs between State workers' compensation schemes and the Federal social welfare system. It concludes that shortfalls caused by inadequate workers' compensation coverage have been met in the past, and continue to be met, by the social security system and private individuals.

Australia-wide, several persons die each week and several thousand more are injured in the course of employment. In spite of this toll very little is known about the long-term effects of serious and/or permanently incapacitating work injuries on working men and women, their families, or the social welfare system. How much cost individuals and households incur as the result of injury; how well their financial needs are catered for by workers' compensation systems; and, how many people turn to the social security system for income support for themselves and their families in lieu of adequate workers' compensation, for example, are unknown.¹

Uncertainty over these matters is attributable, in part, to the variable impact of work injuries on personal health, and to the diversity of employment injuries. Both factors make the task of establishing links between a medical condition and a previous work injury or exposure to a hazardous substance enormously difficult at times, particularly as noticeable onset of an illness or disease may occur years, or even decades, after injury or exposure. Unreliable work injury data bases, allowing for description of the quantitative dimensions of work injury in Australia in little more than the most general terms, have also helped to obscure the transfer of costs, particularly those associated with the transfer of responsibility for the income maintenance of work injured persons from State workers' compensation schemes to the Commonwealth, and the generation of associated personal costs.² Moreover, the poor quality of relevant data has tended to obscure the extent of the financial advantage which insurers and employers have gained from injured workers' use of the Federal social welfare infrastructure, particularly of the social security system, as a substitute income source.

When work injury data are used in association with other quantitative and qualitative data, however, these cost transfers become more visible. Department of Social Security and Australian Bureau of Statistics data, for example, indicate that Federally funded pensions and benefits provide income in lieu of workers' compensation. Unfortunately, these data do not provide an indication of the impact of other factors such as labour market status, ethnicity, and gender on the development of social security dependency and personal costs. In fact, statistical evidence of social security dependence among the work injured is available for a limited class of injuries only, generally in those relatively few instances when an occupational cause is unambiguously cited in Department of Social Security medical records, and these cases are subsequently referred to in Departmental publications.

These few concrete statistical examples however provide an example of how Federal social security and health expenditures subsidise workers' compensation schemes, suggesting that employers have also benefitted by the fact that social security expenditures reduce their compensation-related on-costs.

In abstract terms, the interaction of workers' compensation systems provides an example of the process, described by O'Connor (1973:41), Offe (1984:48-58) and others, by which social expenditures subsidise or 'socialise' the costs of material production. In effect the interaction of the two systems illustrates that the public and private sectors are interactive rather than separate.

The interaction of these two sectors in this fashion is in direct contrast to those perceptions of public finance and accounting which tend to separate social expenditures, particularly social security expenditures, from the operation of the private sector. In such cases social expenditures are portrayed in a residual sense in which, by providing financial and other assistance to those who are unable to gain income and services from the market, they act as a

1 Most studies of disability tend to focus on groups not in the workforce, mainly disabled children and elderly persons with disabilities. Most such studies contain only broad descriptions of the extra financial costs accruing to people with disabilities and their families as a result of those disabilities (see Ogren and Lauricella, 1983 and Baldwin, 1985 for examples). Graham (1987) represents one attempt to be more specific about some of these costs. Brown (1982), Harris (1984) and Stapleton (1986) have provided historical examples of cost-shifting within the development and change of British compensation legislation while Cooney (1984), Nye (1978), Blackett-Smith and Rubenstein (1985), Watson (1985), Casey and Charlesworth (1985) and Alcorso (1988) have discussed aspects of personal cost development in Australian workers' compensation systems.

2 The transfer of costs to private households is hereafter referred to as personal cost development. Personal costs include, for example, loss of income and loss of physical and/or emotional well-being, whether occurring over the short, medium or long-term.

safety net. While the provision of income support and services is clearly indisputable this 'residualist' model is inaccurate because it ignores other capabilities of social expenditures, particularly their interaction with the labour market.

This observation has prompted other authors to argue that one's income, quality of life, and level or degree of social participation are in fact determined by the degree of access one has to the resources of both sectors. In this 'mixed economy' model the welfare state is conceived of as a political organisation which comprises

both the public and private sectors of the economy and which (apart from other functions such as the maintenance of social order and social control) performs two important economic and social functions: ensuring the physical survival of its citizens; and enhancing their social functioning. (Jamrozik, 1987:48, his emphasis)

This report argues that the available data on the interaction of the workers' compensation and social security systems in Australia indicate the degree to which the Australian welfare state compensates for the reduced access to market incomes experienced by some work injured people. Neither State compensation schemes nor the social security system provides pre-injury-wage-related benefits; in effect the Australian welfare state ensures that the incomes, quality of life and social participation of many injured workers does not approach pre-injury levels. Put bluntly, the Australian welfare state has tended to ensure physical survival only.

Chapter One of this report outlines the basic structure of Australian workers' compensation schemes, the non-recognition of injuries, and the movement of the work injured onto social security pensions and benefits. The potential for social and economic marginalisation (as lifestyles are altered to accommodate reduced income and physical disability) which accompanies the transition from active social and economic participation to reliance on social benefits, and physical survival, is also discussed. Data illustrating the development of personal and social costs, social security dependency, and the exclusion of women, particularly migrant women, from social benefits, are provided in Chapter Two.

Chapter Three examines the interaction between workers' compensation, social security and the labour market, raising the possibility that the substitution of social security payments for workers' compensation reinforces labour market inequalities. More generally the interaction of the two systems illustrates how social expenditures constitute a production subsidy, demonstrating the ambiguous nature of social wage expenditures. More detailed recording of people from workers' compensation to Commonwealth pensions and benefits, in conjunction with additional data on the factors which make people reliant on financial support from family members, is undoubtedly required. However, difficulties in establishing the occupational origin of many work injuries make it unlikely, that detailed quantitative research can measure the full extent of the personal and social costs of work injuries. There is, therefore, also a need for qualitative research into these factors.

1.1 Workers Compensation - the Basic Forms

Compensation is reimbursement. In most instances compensation implies reimbursement or restitution for loss, injury, or unavoidable inconvenience. Forms of compensation include compensation between companies, compensation to private companies and/or individuals by the state, compensation for the victims of transport accidents, and compensation for work injuries, to list just some forms.

Personal injuries compensation provides money and services in the event of injury. It may be provided on the basis of fault, i.e. as the result of another's negligent actions which contribute to an injury, or alternatively, on a no-fault basis, i.e. in situations where other persons are legally and financially responsible for an injury regardless of either cause or personal negligence. Workers' compensation is provided for similar reasons, although it is generally restricted to injuries sustained under a contract of employment.³ In an ideal sense compensation represents a

3 Under a contract of employment, otherwise termed a contract of service, every employer is legally responsible for the well-being of the employee while the employee is engaged in work for the employer or work-related activities. Workers' compensation insurance is compulsorily undertaken by all employers. In order to avoid these obligations, however, some employers attempt to engage people as self-employed persons rather than as employees, often under quasi-contractual arrangements. Legal standards can, and are, applied to test employment relationships (Hill and Bingeman, 1981:11-13) effectively determining whether a contract of, or contract for, employment exists and hence guiding formal employment relations between individuals.

financial award or reimbursement, the size of which is judged to be the money equivalent of the costs incurred as the result of an injury. It is provided on the basis of an assessment of the physical and psychological effects of injury, and the financial losses which result from injury.

The origins of compensation principles in English law have been traced to ancient Roman law (Maine, 1906). Harris (1984) notes the rudiments of personal injuries compensation in the English common law of the twelfth century A.D. if not earlier. The principle of compensation is based on making good a loss rather than on meting out punishment. As such, personal injuries compensation emphasises restoration and reparation (hence the provision of a money equivalent for loss) rather than retribution (by punishment or incarceration) as occurs in criminal law. However, negative sanctions, including penal sentences, can be imposed in instances of personal injury which involve criminal negligence. This occurs only rarely and unsystematically, however (Tubbs, 1982; Braithwaite and Grabosky, 1985; Wettenhall, 1988). In any event such penalties are generally based on breaches of associated occupational health and safety regulations.

The eighteenth and nineteenth century expansion of common law applications saw the principles of compensation being incorporated into the then fairly new disciplines of economics, finance, social administration and industrial relations. The expansion of compensation principles was coincidental with, if not influenced by, the utilitarian philosophies and liberal-democratic political economy of the period (Cirillo, 1979:21). Contemporary applications of compensation are to be found in a variety of disciplines ranging from economics, philosophy, law, interpersonal relations and social administration, all of which include the term 'compensation' within their respective glossaries.

Titmuss, for example, wrote of welfare expenditures as representing

partial compensations for disservices, for social costs and social insecurities [diswelfares] which are the product of a rapidly changing industrial-urban society.
(Titmuss, 1968:163)

In contrast to the income maintenance provided by Federal social security pensions and benefits, workers' compensation has for the most part been financed by contributions from employers which are, in turn, administered through the private insurance system.⁴ Calabresi (1975:22) offered the following general typology of personal injuries compensation as a 'partial list' of the ways in which it is possible to structure the financial links between 'injurers and victims', that is, to allocate the costs of these injuries. He noted that costs may be:

- (1) borne by particular victims;
- (2) paid on a one-to-one basis by those who injure a particular victim;
- (3) borne by those broad categories of people who are likely to be victims;
- (4) paid by those broad categories of people who are likely to be injurers;
- (5) paid by those who in some sense violate our moral codes (in some sense are at fault) according to the degree of their wrongdoing, whether or not they are involved in accidents;
- (6) paid by those who in some actuarial sense are most likely to violate our moral codes;
- (7) paid from the general coffers of the state or by particular industry groups in accordance with criteria (such as wealth) that may be totally unrelated to accident involvement; or
- (8) paid by some combination of these methods.

Despite intentions that Australian workers' compensation systems should provide compensation through a combination of forms (4) and (5) of Calabresi's list, allocation of costs to individuals and the public sector has also occurred. Examples are numerous - when compensation is not provided, when it is inadequate, and when social

⁴ Commonwealth employees and merchant sailors (covered by Commonwealth administered compensation schemes) are the two major exceptions in this respect. Queensland is also an exception in that workers' compensation insurance in that State has been administered through a public body and not the private insurance system since 1917.

security pensions and benefits (particularly the Invalid Pension and Sickness and Unemployment Benefits) are used as proxies for workers' compensation payments. When one considers the wider impact of employment-related injuries in personal and social terms, therefore, types (1), (2) and (7) must also be included.

Prior to the end of the nineteenth century compensation for work injuries in Britain and Australia was obtained in the courts through civil actions. Individuals sued for loss through injury caused by their employer's negligence. However, the many inefficiencies of this system ensured that compensation actions were costly, time consuming and that compensation was effectively restricted to a limited proportion of all injuries. Furthermore, by the last quarter of the nineteenth century, a number of restrictive rulings by the courts over the years had effectively removed much of an employer's personal liability, making compensation in the event of work injury even less likely. Difficulties such as these, as well as a general need for income maintenance in the event of retirement and invalidity, precipitated increased use of the workplace, union, and/or guild-based income maintenance schemes often known as 'friendly societies' in the mid- to later nineteenth century (Baernreither, 1891) and subsequently of statutory workers' compensation schemes.

1.2 Workers' Compensation in Australia

With the exception of Commonwealth employees, who are provided for by a separate Commonwealth scheme, each State or Territory in Australia is responsible for the provision of workers' compensation in that State or Territory. In all instances the intention of workers compensation legislation is to ensure that employees have access to financial support, health care and rehabilitation should these be necessary in the event of an injury or illness suffered by employees in the course of their work.

Compensation is provided from funds which are financed from charges levied on employers. In principle all employees are eligible for compensation in the event of injury or illness and all employers are obliged to contribute to the State or Territory - administered funds. These funds are administered either by the States themselves, by private sector insurers or by a combination of these two. In instances however, the legislatures exercise control over both the size of the employers' levy and the amounts payable to injured workers. Commonwealth employees and some employers with large work forces constitute two major exceptions to the above description, the first because they are covered by a Commonwealth administered scheme, the second because in certain instances some private companies and large statutory bodies are considered large enough to provide workers' compensation through self-administered funds. In effect these large employers operate as self-insurers subject to the scrutiny of the various legislatures.

Reflecting Australia's federal political system, whereby States and Territories have responsibility over the content of statutes, individual worker's compensation statutes vary considerably from state to state, not only in terms of the financial administration of the compensation schemes but also in respect of the size of benefits paid to injured workers, the length of time for which benefits may be paid, the range of injuries for which compensation is paid, and those workers, if any, who have been specifically excluded from compensation. These factors, which essentially determine both eligibility for compensation and the degree of income support, have also varied over time in individual States and Territories and are too complex to document here (see, for example, Stewart, 1986). Suffice to say, these factors seriously erode claims that adequate workers' compensation and associated health care is provided to all employees for the duration of their disability.

There have been three general stages in the development of workers' compensation systems in Australia. Australian State legislatures began to address the issue of income maintenance after work injury towards the end of the last century when, using British legislation as a guide, they introduced statutory no-fault workers' compensation as a supplement to common law actions. While these schemes were initially restricted to certain categories of the workforce their importance lay in the fact that they guaranteed some income after industrial injury without the need for recourse to problematic common law remedies, hence the term no-fault. During the second and third decades of this century coverage was expanded, eventually to the point where it was compulsory for employers to undertake compensation insurance for all employees. This occurred first in Victoria in 1913 and by 1932 extended to all States, the ACT and the Northern Territory (Craigie et al., 1986). These statutory no-fault compensation schemes, as they are termed, were to remain substantially intact until the mid-1980s when workers' compensation legislation was further modified in all Australian States (with the exception of Queensland), the Australian Capital and the Northern Territory. In some instances these changes have been quite substantial.

This most recent phase has occurred largely because, despite constant modification of the original legislation by amendment and a broadening of the scope of common law actions, common law/statutory compensation schemes had remained problematic. Concern was sufficient to precipitate one Federal and several State enquiries from 1974 to the mid-1980s (see Woodhouse, 1974 and Cooney, 1984 for examples). Craigie et al., (1986) document many of these enquiries and recent legislative changes.

1.3 Issues, Problems and Recent Reforms

Much of the reform of workers' compensation systems can be summarised as being directed towards five general issues: financing workers' compensation systems, income maintenance for incapacitated persons, reducing the number of injuries, improving rehabilitation services and reducing the cost of professional intermediaries to compensation systems. Financial issues have focused on the efficient management of funds while income maintenance issues have included, for example, whether the same amount of money provides equal compensation to all persons, whether pension-type (periodic) benefits offer more adequate or effective compensation than lump sum settlements, and whether common law or administrative compensation schemes offer more effective compensation.

The increasing reliance of compensatory mechanisms on professionals and semi-professionals in recent decades (to the point where accessing compensation can involve consulting community service personnel, safety and risk consultants, rehabilitation experts, interpreters, labour representatives, social workers, and investigative, legal and medical operatives) has also given rise to concerns that an increasing proportion of premium income is devoted to servicing claims rather than actually compensating victims.

In addition, various lobby groups argued that the high costs of workers' compensation insurance were seriously affecting the efficiency and productivity of industry and, by implication, that inefficient and failing compensatory systems were hindering Australian economic performance generally (Sydney Morning Herald, 1 October 1986; Times on Sunday, 12 April 1987).

Pressure for reform also came from employers who, for example, consistently argued that insurance premiums and associated costs were increasing at a rate which was beyond their ability to pay. It was claimed that employers in New South Wales had 'laboured under the highest workers' compensation premium costs in the world.' (Australian Financial Review, 26 September 1986). Faced with rising premiums and hence rising operational costs, employers threatened to remove their enterprises either interstate or overseas.

Declining profitability also caused workers' compensation insurers to withdraw or state that it was their intention to withdraw from the New South Wales workers' compensation market (Sydney Morning Herald, 26 September 1986). In addition, rehabilitation services were poorly co-ordinated and subject to considerable problems of access (Occupational Health, Safety and Rehabilitation Council of New South Wales, 1986). Inadequate rehabilitation was cited as another cause of cost overrun.

Reflecting these concerns revised legislation was introduced in most States and the Northern Territory in the four or five years prior to 1988. Directed at reducing administration costs whilst at the same time improving access to rehabilitation services and reducing injury levels via improved preventative measures, reforms included reference to both economic and social aspects of work injuries. Various strategies have evolved, including reducing the legal and medical complexities present in claims procedures, lessening the role of private insurers, imposing lower ceilings on benefits, reducing the numbers of long term claimants and the average duration on benefits through enhanced rehabilitation measures thereby increasing the 'return to work' rate, tightening access to benefits, and even reducing the weekly value of benefits to injured workers in some instances.

While the intention to achieve certain social outcomes has therefore been evident, concern to improve the long term financial viability of workers' compensation schemes has arguably been dominant. As the Journal of Occupational Health and Safety, for example, notes in an editorial:

Reforms to workers' compensation systems in Australia, some in place and others being implemented, have ultimately been necessitated by financial considerations, the primary one being the escalating insurance costs of workers' compensation and common law cover to employers. (1987, April:159)

This editorial also expressed hope that the new direction in recent reforms to occupational health, safety and rehabilitation 'will prove socially beneficial' although one has the impression that this may have had more to do with facilitating industry productivity than with minimising personal cost. See Table 1.1 for a summary of some of the main features distinguishing the various compensation mechanisms.

TABLE 1.1: COMPARATIVE ASPECTS OF COMMON LAW, STATUTORY NO-FAULT AND ADMINISTRATIVE COMPENSATION MODELS

Component of system	Common Law	Statutory/ No Fault	Administrative
Legal/ structural	Case law and legislation	Relevant compensation legislation	Relevant compensation legislation presented as part of an integrated prevention rehabilitation, compensation package. Restricted or no access to common law.
Benefit	Damages Once-and-for-all settlement	Weekly compensation, lump sums for specific injuries medical and rehabilitation provided	Weekly compensation, wage related, lump sums for specific injuries. medical and rehabilitation provided.
Method of benefit delivery	Award or settlement by the court at District Court or Supreme Court level.	Assessment of claims by insurance companies with payment according to claim.	Assessment of claims by officers of statutory compensation body or their representation.
Resolution of disputes	Court, in an adversary system or settlement out of court	State Compensation Court (adversary system) Commissioners as alternative for claims designated as minor.	Bureaucratic appeals structure (one of more levels).

It should also be noted that while it may be possible to devise cheaper workers' compensation systems (in terms of dollars of benefit delivered per premium dollar collected), such schemes, if the Queensland system is any guide, often merely ensure that increased costs are passed on to the Federal social security system, to injured persons, or to both. In Queensland restricted access to common law actions and comparatively low benefit levels have historically been responsible for producing a relatively low-cost scheme. Much of this success, however, has been achieved by the transfer of costs to individuals and the social welfare sector (Venning, 1984). Improved operational efficiencies should therefore not be confused with absolute cost reduction.

1.4 The Transition from Common Law/Statutory to Administrative Compensation Schemes

With few exceptions, bureaucratic or administrative systems based on principles of periodic replacement of lost income have displaced systems based on common law actions. Discussion of the development of these schemes involves looking at their financing, administration, size of compensation awards, and access and eligibility criteria. Questions of financing and administration are also related to the preventative and rehabilitative aspects of individual compensation schemes. It is now widely accepted that these are essential to the efficient operation of workers' compensation systems (see Cooney, 1984, Chapter 3).

Recent reforms of statutory/administrative workers' compensation schemes in Australia over the past two decades or so have also been influenced by overseas reforms, particularly by events in New Zealand where an injuries compensation scheme for all members of the community was enacted in 1972. For New Zealand:

The concepts of community responsibility for the injured and a comprehensive entitlement to care, treatment, rehabilitation and compensation are not now seriously challenged. (Fahy, 1984:12)

Despite rhetoric to the effect that the New Zealand scheme provided compensation for all injuries and illnesses, including employment injury, this did not occur. In fact recent changes in New Zealand have resulted in a shift away from the universal no-fault comprehensive schemes recommended by two separate Royal Commissions, chaired by Justice Woodhouse, held on this matter in New Zealand and in Australia, in 1969 and 1974 respectively. Although the 1974 Australian Woodhouse Royal Commission recommended the immediate introduction of a national comprehensive no-fault accident compensation scheme this was never introduced. (An amended version was at committee stage immediately prior to the dismissal of the Whitlam Labor Government in 1975.) Despite these intentions wage-related compensation in both Australia and New Zealand has therefore not been extended to all forms of personal injury, work injury included.

Even though they do not necessarily provide more in the way of income support for injury, support for administrative schemes stems from the fact that they provide greater access to benefits, reduce operational overheads and premiums, and are more closely integrated with injury prevention. Cost efficiencies focus on (a) reducing the role of legal and medical and investigative intermediaries who regularly perform services in the existing common law/statutory compensation systems, or omitting them entirely, (b) facilitating rehabilitation in order to reduce the overall number of persons dependent on the system at any one time, and (c) decreasing the overall incidence of work-related injuries.

Proponents of administrative systems stress their ability to offer wage-related benefits in accordance with a medical assessment of injury (Phegan, 1985). Some administrative schemes still provide restricted access to common law compensatory mechanisms. Despite the formulation of an integrated prevention, compensation and rehabilitation strategy, administrative compensation systems are not without their critics. Reference has been made to (a) inefficiencies and inequities said to be inherent in large bureaucratic organisations, (b) the potential to limit the number of avenues of appeal in disputes, (c) their inflexibility towards the recognition of newly described forms of injury, and (d) the relative isolation of senior administrative staff from clients and their special needs (Palmer, 1981; Murphy, 1983; Ison, 1985a). Other authors raise more specific legal and moral objections to these systems (Tubbs, 1983; McLean, 1985). A discussion of general aspects of the administrative compensation and common law/statutory compensation debate has been presented in more detail in Stewart (1986).

Writing on the development of modern compensation systems, Miller noted:

Nowadays, of all the countries where there are compensation schemes for employment injuries, more than two thirds have established public social insurance schemes; in the remainder the employer's absolute liability is not transferred and in some countries [they are] required to insure [themselves] against liability with a private company in respect of all or part of [the] workforce. The two systems may be found to co-exist in some developing countries where the social insurance scheme does not yet cover the entire territory or all undertakings. (Miller, 1985:194)

In summary, recent reforms, both those based on amendments to existing legislation and those based on the introduction of new workers' compensation acts, reflect ever-increasing Commonwealth and State intervention in the area of work injuries. Accordingly, they have also introduced public sector regulation to an area which has traditionally been the preserve of the private sector and the civil courts. The development of concerns over injury prevention and rehabilitation, as well as compensation, is also indicative of the general expansion of public sector regulation and control which accompanies the evolution of increasingly complex welfare states.

1.5 Cost Transfer

As income support systems, common law/statutory compensation often failed to provide benefits, both immediately after injury and in the longer term.

Commenting on workers' compensation coverage in Australia at the start of this decade Luntz was prompted to observe:

In its present form [workers' compensation] fails to fulfill its function in economic terms and fails to provide complete social security. Whether a worker happens to be covered by workers' compensation in any particular instance is often a matter of luck. (Luntz, 1981:390)

While common law has been very useful for establishing precedents and common law compensation settlements are frequently characterised by huge lump sum awards, the lump sum method of payment itself has been subject to particularly strong criticism, ironically much of it on the grounds of inadequacy. Ison, for example, writing on accident compensation by common law litigation, noted that even damages settlements which are awarded to successful litigants may be less than a full indemnity and

that factors such as the impairment of future earning capacity, pain and suffering, and loss of the amenities of life, cannot be measured by any objective standard, and with regard to these items, the assessment of damages, like the determination of liability, rests on an intuitive judgement. (Ison, 1967:17)

The New South Wales Law Reform Commission's report A Transport Accidents Scheme for NSW noted other commonly accepted 'grounds of criticism' of common law negligence compensation including:

- * *the difficulty, if not impossibility, of accurately estimating future economic losses;*
- * *the danger that even very large awards may prove to be inadequate to meet the injured person's losses during the period of incapacity;*
- * *the absence of any requirement that the injured person use the award to provide for his or her future expenses or support; and*
- * *the risk of the community paying 'double compensation' where awards are exhausted or diminished and the injured person has recourse to the social security system for support. (Law Reform Commission of NSW, 1984: Section 3.41)*

However statutory and administrative no-fault compensation schemes are not without their critics either. For while they may provide immediate income replacement, in principle servicing cases of short-to-medium-term incapacity more effectively than common law actions, income support is less certain in the case of long-term or permanent injuries. This occurs, in part, because of the discretionary elements in statutory and administrative schemes which enable benefits to be varied by regulation.

Fahy, for example, commenting on the operation of the New Zealand Accident Compensation Act (1982), which has often been cited as a major influence on similar administrative schemes in Australia, particularly Victoria's Workcare workers' compensation scheme introduced in 1985, noted that:

The [New Zealand] compensation system enacted is geared to providing a generous level of compensation, and not full indemnity. It is a cushion against financial loss; it does not contemplate full restitution to accident victims. (Fahy, 1984:12)

In summary, wage-related compensation (whether via common law, statutory no-fault or administrative no-fault) is frequently provided for only a limited period or to a statutory maximum (after which reduced pension rates apply). Limits to workers' compensation therefore apply in both common law/statutory and administrative schemes (see Table 1.1). Commenting on the Queensland workers' compensation system at a time when relatively low statutory maximum benefits applied in that State, the Joint Chairman of the National Accident Committee (a working party of the Insurance Council of Australia) noted that the costs of workers' compensation in Queensland appeared to be cheaper than those in other states⁵ (Venning, 1984:10). Venning indicated that this was the result of several factors, including lower overall levels of employee benefits, delayed onset of compensation payments, and the non-accounting of certain administrative processes in the overall cost of the system. He observed that:

The Queensland system forces workers on to social service benefits more quickly than in other States. This means that most serious injuries move out of the workers' compensation sphere into social service. This helps improve the 'results' of the Queensland system and helps to keep premiums lower than they would otherwise be. In practical terms it means that Queensland employers are able to transfer part of their responsibility and costs to the Australian taxpayer who is, in effect, subsidising the Queensland workers' compensation system. (Venning, 1984:11)

In another study the NSW Law Reform Commission attempted to trace all recipients of significant lump sum awards in NSW in 1976. Included in the survey were all recipients of 'large' workers' compensation redemptions (\$40,000 or more) and recipients of 'medium' sized redemptions (\$20,000 to \$30,000). They found that in 1983 two thirds of the persons in each of these groups were in receipt of social security benefits (cited in Victoria, Workers' Compensation Reform, 1984:31, and Craigie et al., 1986:16).

In addition, other studies argue that many classes of non-traumatic employment injury (illnesses and diseases) have not been readily compensable under workers' compensation. (Voirin, 1980; Quinlan, 1986; Stapleton, 1986; Law Reform Commission of Tasmania, 1986:25; Willis, 1986). Non-recognition of such injury effectively means that employers' financial liabilities for these injuries have been lowered and suggests that reliance on the social security system is greater than either official work injury data or workers' compensation data might suggest.

Even compensation based on earnings does not necessarily guarantee full compensation for lost income. This is particularly so in instances where compensation is paid according to award rather than average weekly pre-accident earnings and where minimum award pay schedules are supplemented as a matter of course by 'over-award' payments. In such cases 'normal' wages are effectively at above award levels. Where these above-award levels are further supplemented by additional extra-award allowances, regular shift-penalties, and non-wage fringe benefits the shortfall from award-based compensation levels will be correspondingly greater. In certain instances therefore, employees may experience a decrease in income during a period of short-term incapacity even if they are receiving compensation at a level equivalent to 100 per cent of award wages. It could also be expected that these disparities would be greatest in high risk industries where personal pre-accident earnings regularly exceed award rates, particularly in industries with high overtime levels, and in States where compensation is award-based (e.g. New South Wales).

As Table 1.2 demonstrates, overtime is regularly worked in industries which have above average incidences of injury (and which are therefore classified by the Australian Bureau of Statistics as 'high risk'⁶). Average weekly overtime hours in Australia for the five August surveys 1984-1988 inclusive were 1.19 hours per employee and 6.73 hours for the 17.66 per cent of employees who actually worked overtime. The reported hours of overtime per employee actually working overtime in New South Wales were 9.04, 7.62 and 8.13 hours in the mining, manufacturing and construction sectors respectively (ABS, 1984-1988).

5 Readers should note however that these levels are frequently revised. Also some schemes have undergone, or are about to undergo, major reforms and in such cases benefit structure have altered, sometimes considerably, since earlier this decade.

6 As the Australian Bureau of Statistics notes, 'During the period 1982/83 to 1984/85 the mining industry had the highest incidence of employment injuries. Coal mining ... was almost five times the average for all workers ... Other high risk industries were 'other mining'; construction; manufacture of transport equipment; food, beverages and tobacco; and fabricated metal products.' (ABS 1987)

**TABLE 1.2: INCIDENCE OF INJURY & HOURS OF OVERTIME WORKED:
SELECTED INDUSTRIES**

	INCIDENCE*		HOURS OVERTIME**		
	Accidents	Diseases	All Employees	Persons Actually Working Overtime Per Week	% Working Overtime
INDUSTRY					
All Industries	57.3	8.6	1.19	6.7	17.7
Mining	277.4	35.6	4.34	9.6	45.2
Manufacturing	85.5	20.1	2.41	7.6	31.7
Construction	144.5	12.7	1.8	7.9	22.5

* Per 1000 employees. (Average 1982-83 - 1984-85)

** Average 1984-1988.

Sources: ABS (1984-88), Overtime, Australia, Cat. No. 6330.0.

ABS (1987), Employment Injuries, New South Wales 1982-83 to 1984-85, Cat. No. 6311.1.

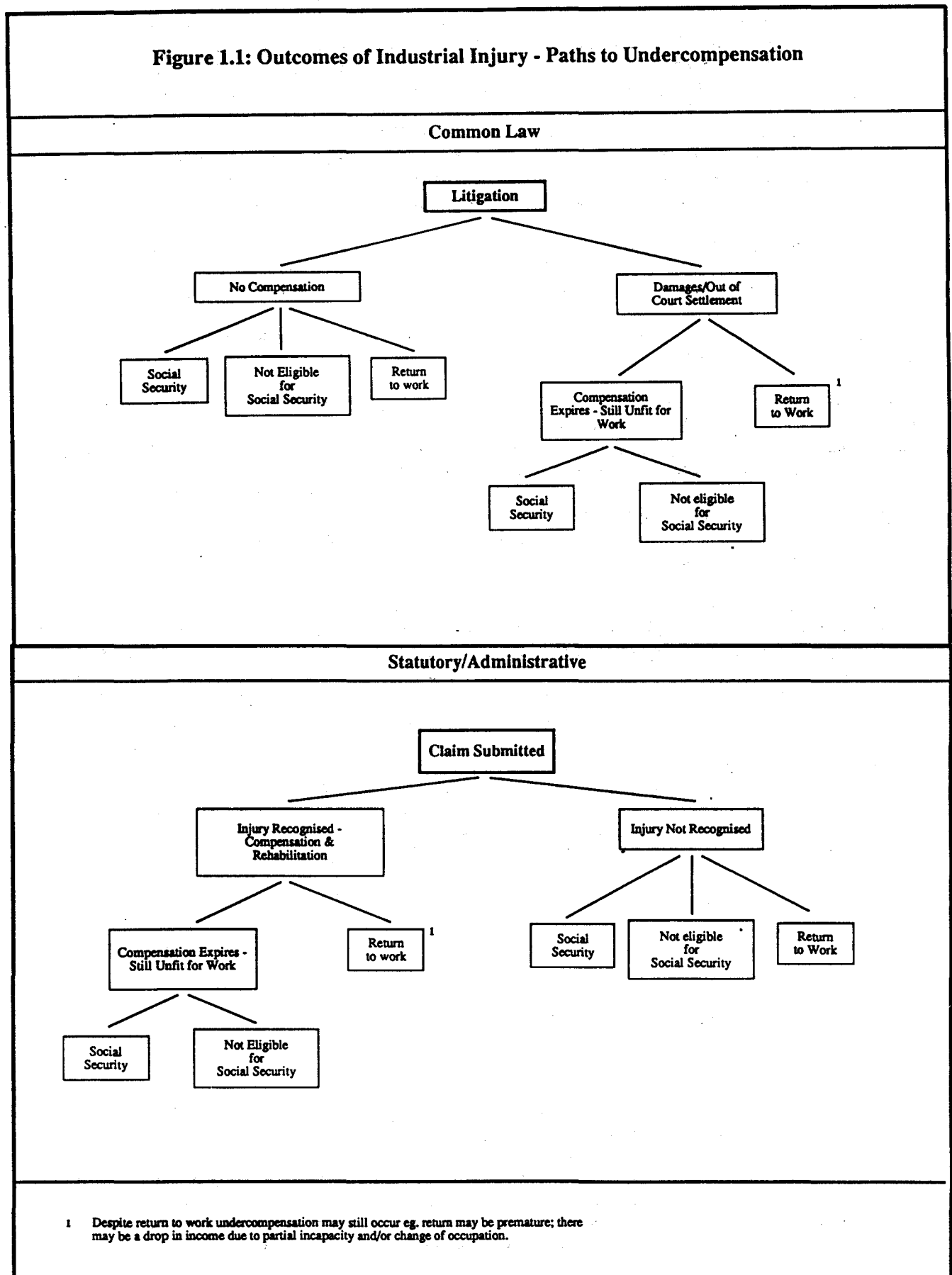
As well, the duration of time off work in these sectors because of injury was also greater than average (ABS, 1987: Tables 5.1 and 5.4). Where pre-injury earnings are consistently greater than award rates (and providing there is no additional statutory, award, or on-site supplementary payment) personal injuries compensation paid at award rates will not reflect actual weekly earnings, and not fully compensate for financial loss, despite initially appearing to do so.

1.6 Social Divisions of Welfare and the Socialisation of Work Injury Costs

In instances where workers' compensation is not provided or is inadequate, Federal social security pensions and benefits (i.e. the Invalid Pension, Sickness and Unemployment Benefits) often replace workers' compensation payments as the major income source. Figure 1.1 summarises some of the possible ways in which, in the event of the insufficient compensation or of an unsuccessful claim, transition from compensation to social security dependency can occur. It is a brief guide only, referring to instances in which inadequate compensation can contribute to undercompensation. Other instances not shown in Figure 1.1 include compensation not sought in spite of injury; a large lump sum intended to provide income for an extended period being dissipated more rapidly than expected; and re-employment after injury and rehabilitation being unavailable.

Commenting on the development of personal injuries compensation in Australia, the Committee of Enquiry into the Victorian Workers' Compensation System, (the Cooney Report) noted the lack of recourse individuals had to compensation in all but fairly exceptional circumstances prior to the late nineteenth century, the gradual expansion of common law actions and the subsequent development of non-liability-based statutory compensation schemes. Importantly the Committee also noted aspects of cost-shifting and the personal cost burden of employment injury. On the role of social expenditures in the area of personal injuries it observed:

Figure 1.1: Outcomes of Industrial Injury - Paths to Undercompensation



By a slow process of accretion a range of different schemes have developed over time to provide some relief (whether in terms of income maintenance or the payment of particular expenses - medical, rehabilitative, etc.) from the losses resulting from the particular injury. Some of the Commonwealth social security benefits have already been mentioned. With regard to hospital and medical expenses, in addition to private health insurance, the last decade has seen the establishment, dismantling and renaissance of a compulsory universal health insurance scheme, while the various Income Tax Assessment Acts have provided a bewildering array of rebates and allowances in relation to payments for both medical and hospital treatment and health insurance cover. There are a number of benefits flowing from the contract of employment or from industrial awards such as sick pay and accident make-up pay, while such items as superannuation and private assurance may also impinge...

If there is to be a rational use of welfare resources there is a need to structure the component parts of the social security system into an integrated pattern of interlocking rather than overlapping benefits. (Cooney, 1984: Section 2.4 passim)

Sections 5.24 to 5.28 inclusive of the Cooney Report compare the Queensland compensation scheme with other States to highlight aspects of cost-shifting to the Federal social welfare sector.

Despite the work of Cooney and others the relationship between social security pensions and benefits and the labour market still remains neither well documented nor understood. Little attention, for example, has been paid to the economic effects of these social expenditures, their impact on the labour market and their incentive effects on employers and the private sector. Benefits that others, for example individual employers, or more generally areas of the private sector, or even the economy at large, derive from social expenditures or from social security programs linked closely with the labour market are often ignored. This is in spite of the fact that injury costs are clearly redistributed to injured individuals and the public sector as personal and social costs and the fact that employers are effectively subsidised because of this.⁷

Undercompensation and the redistribution of costs⁸ clearly has micro-economic effects (represented in the impact on private households) and macro-economic effects, in that state welfare agencies provide income support for incapacitated workers and their families in lieu of workers' compensation. As such, personal and social cost development are interdependent to some extent. Because social security income maintenance is at low levels, loss of income can arise with the advent of social security dependency and through this, the socialising of production costs impacts on households.

Externalising compensation costs to the public sector may produce costs for some persons which are additional to those incurred by individuals who receive either wage-related regular workers' compensation payments, other employment-based disability insurance benefits or compensation obtained at common law at a level deemed sufficient to meet future losses. Social security expenditures can ironically, therefore, have an ambivalent effect, providing income support for work injuries on the one hand while acting as industry subsidies on the other.

The Social Security Act was recently modified by the Federal government in order to contain cost-shifting from State compensation schemes to the federal sector. These reforms have sought to ensure that all interim social security payments made prior to settlement are repaid, according to part XVII of the Social Security Act 1947.

These amendments were largely precipitated by a growing awareness that providing low maximum benefit levels and, more generally, that not providing compensation for certain injuries, increases the likelihood that people will apply for Federal benefits upon expiry of compensation payments. However, in reality the options available to the

7 Gross national or total workers' compensation premium income was estimated to be in the order of \$1,750 million in 1983-84 by the Advisory Committee on Prices and Incomes (ACPI, 1986:51) or, alternatively, by the Australian Bureau of Statistics in 1986-87 to be 2.9% of total major private sector labour costs (ABS, 1988b).

8 It is recognised that the notion of full or adequate compensation is fairly arbitrary (see Stewart, 1986:5-13 for discussion of this point). However, it is also clear that additional personal costs occur when injured persons are dependent on social security for all, or a major part, of their income rather than on wage related compensation. In such cases they experience reduced real income relative to those persons who obtain or remain in receipt of pre-injury wage-related workers' compensation payments.

Federal government to directly regulate the levels of coverage of the individual States compensation schemes appear to be few.

1.7 The Incidence of Social Security Dependency Amongst the Work Injured

Could the incidence of social security dependency increase amongst the work injured? This would be contingent upon compensation schemes shifting more costs onto the social security system than they do at present. There are indications that this has been occurring. Recent reforms introduced in Division 2 of the Workers' Compensation Act of NSW (1987), for example, effectively tightened eligibility criteria and restricted maximum benefits payable under the system to such an extent that they may act as a disincentive for persons to apply for compensation. Replacing Sections 9 to 11(2) of the earlier New South Wales Act (1926) with Sections 33 to 38 inclusive, effectively restricted compensation payments for partial incapacity and correspondingly increased the complexity of the compensation system itself.

As a result, people may elect to apply for the Invalid Pension, Sickness, Unemployment or Special Benefit rather than (a) pursue a disputed compensation claim, or (b) appeal against a court or tribunal finding, as they might have done previously.

To continue this example: if cases of partial incapacity (in New South Wales) receive compensation payments at a reduced level and this payment is topped up by Social Security payments, then there is little to be gained financially from submitting oneself to the rigorous and often adversarial procedures used to determine one's degree of incapacity when at best such payment will only be equal to the current rate provided by the Invalid Pension. Realising this, insurers may actively promote the use of the social welfare alternative for injured employees and increase cost-shifting to the public sector. This is, of course, speculative but it does highlight the dynamic nature of the links between social welfare and workers' compensation schemes and the vulnerability of individual claimants to policy changes in either system.

Income from other sources, including workers' compensation, can exclude pensioners and beneficiaries from the fringe benefits associated with Federal pensions and benefits (the monetary value of fringe benefits is estimated to be about \$25.00 p.w.). The threat of exclusion may act as an incentive for persons to apply for a pension rather than workers' compensation under which these benefits are not available. Exclusion from the health card occurs at present when weekly income from other sources is greater than \$81.00 for a single person or \$138.00 for a couple.

Examples of incapacitated workers seeking social security pensions and benefits could conceivably increase if the financial viability of workers' compensation schemes worsens. For despite many of the recent reforms, current and future workers' compensation insurance costs still threaten to leave some schemes technically insolvent. (See *The Australian*, 12 July 1989:9 and *The Australian Financial Review*, 11 July :10, and 19 July :3, for example.) As concern to reduce these financial pressures has grown, measures designed to cap injury-related expenditures have gained prominence, possibly to the detriment of injured workers.

If workers' compensation schemes continue to offer long term incapacitated persons benefits which provide a lower or similar level of income than that which is available from a social security pension or benefit, it is possible that reliance on social security amongst the work injured may further increase. If this is the case recent Commonwealth cost-saving reforms integrating eligibility for pensions and benefits more closely with compensation payments in order to avoid double payment may be circumvented as people seek the Invalid Pension rather than workers' compensation.⁹ Ironically, therefore, despite recent attempts by the Federal Government to lessen their costs in this area (alteration of the Social Security Act in order to take greater account of income derived from workers' compensation was undertaken in mid-1988), these moves may be circumvented by more stringent workers' compensation benefits.

9 Lump sum compensation, after deductions for medical and legal expenses, pain and suffering and scheduled payments for specific injuries (table of maims), is now divided by current Male Average Weekly Earnings at the time of settlement. The result is the period, in weeks, that the lump sum compensation is deemed to cover and the resulting period that the claimant is ineligible for social security.

1.8 Conclusion

A brief discussion of the development of statutory no-fault compensation schemes and of undercompensation has been presented. As industrial economies develop (and Australia is no exception) integration of the public and private sectors tends to become more complex. Not only are insurers, employers and employees, organised labour bodies, legal and medical professionals, and community service organisations involved in the compensation process but so also are State and Federal adjudicative mechanisms and quasi-legal tribunals, State and Federal regulatory occupational health and safety agencies, State and Federal health agencies, the social security apparatus, administrative officers and interpreters, to name just some.

State workers' compensation Acts and Federal social welfare legislation set the levels of compensation and social welfare payments and ultimately determine the relative social, personal and production cost component of employment injuries. The distribution of the costs between public income maintenance and workers' compensation systems is an outcome of public sector intervention in and regulation of the market. The involvement of the public sector in the area of workers' compensation is instructive for it highlights the paradoxical nature of many welfare expenditures. They may be enabling (providing income maintenance and assistance) on the one hand, and a source of subsidy (contributing to the viability of enterprises, and thereby facilitating the development of the conditions they were intended to ameliorate) on the other.¹⁰

For the most part, discussion of the integration of workers' compensation and social welfare in this chapter has been in terms of cost transfer and subsidy. Further aspects of these cost transfers and subsidies are discussed in more detail in the next chapter. Data in the next chapter indicate that despite some Department of Social Security pension and benefit expenditures being commonly classified as social wage expenditures they could also be classified as employer subsidies. In effect their status is ambiguous. Because of this we should speak of a social division of the costs of injury in which cost-shifting is responsible for the development of social and personal costs and of social expenditures which socialise costs of production.

As mentioned earlier, however, several factors prevent a full analysis of these costs. Nevertheless, whatever the actual degree of cost-shifting, it is clear that the interaction of the workers' compensation and the social security systems provides one example of the overlapping and blurring of boundaries between public and private sectors of the economy and particularly between the categories of 'social', 'occupational' and 'fiscal' welfare in modern welfare states. As a case study, the diverse institutional responses to employment-related incapacity and of the mechanics of cost socialisation sheds light on the wider issue of public/private sector integration in corporatist economies. As Rein notes:

The State in all modern societies manages the economy to some degree, with welfare goals among the purposes it pursues. These considerations lead one to conclude that it is not the evaluation of the welfare state which needs to be studied, but the political economy of industrialised and industrialising societies. This requires a detailed systematic study of the intervention between the public and the private sector...societies must be viewed as a unified or joint system in which the state and the market are viewed as different aspects of political economy. (Rein, 1981:36)

The interaction of workers' compensation and the social security system is an example of such 'intervention between the public and private sector' in the form of a privately funded income support system (workers' compensation) being subsidised by the public sector equivalent (social security). Unfortunately, as data in the following chapter indicate, particular groups are at relatively greater disadvantage when seeking access to workers' compensation. Many undercompensated persons are consequently relegated to an existence on poverty-level social security pensions and benefits. However even access to public sector income support is restricted, and some persons miss out in both respects. Another outcome is that employers have apparently gained from this interaction.

¹⁰ Arguably this situation arises through the separation of social welfare agencies from occupational health and safety agencies and the tendency not to see the two as intimately linked. It highlights the need to examine options for closer integration of social welfare and occupational welfare - supported by more effective occupational health and safety mechanisms.

2. DATA ON COSTS TRANSFER

2.1 Estimates of Social, Personal and Professional Costs

Though estimates of the significance of work injuries vary according to the emphasis of individual studies, all commentators argue they are very large. Campbell noted, for example that, 'person hours lost through industrial accidents are substantially greater, six times greater in fact, than person-hours lost in industrial disputes' (1985:4). Referring to the financial cost of work injury, Brassil (1985:32) observed that, 'conservative estimates of the annual cost to Australia of workplace death, injury and disease is above \$6 billion, almost twice the annual cost of the road carnage.'

Citing other studies Braithwaite and Grabosky (1985) described the economic and social dimensions of employment injuries in Australia as those in which:

The cost to the hospitals system of coping with 2.5 million bed days per year resulting from workplace injuries is an enormous fiscal burden (Rann, 1983:3) In July 1984, the then Chairman of the Australian Law Reform Commission, relying on a review of the evidence by Gunningham (1984:2), has perhaps most powerfully posed the magnitude of the problem:

- * *a million working days a year are lost because of accidents at work;*
- * *almost half a million people suffer incapacitating work injuries in such accidents;*
- * *over 300 die from work-related injuries and this is almost certainly an underestimate when it is remembered that probably a third of all cancer cases are work-related, directly or indirectly;*
- * *in most years, the number of days lost from occupational injury and disease is almost twice the number lost as a result of strike action - which captures so much media, political and public attention;*
- * *for every Australian injured on the roads, about five are injured at work.*
(Braithwaite and Grabosky, 1985:2-3; citing Kirby, 1984:1-2)

In 1987, the Advisory Committee on Prices and Incomes (ACPI) a unit of the then Federal Department of Employment and Industrial Relations, estimated the total cost of claims (including payments made and future liability) for non-fatal industrial accidents and diseases in Australia in 1983/84, for all States excluding Queensland, to be in the order of \$826.7 million (ACPI, 1987:57). The average cost of providing compensation for individual cases was estimated by the Australian Bureau of Statistics to be \$5,100 per case for compensated work-related trauma injuries, and \$7,500 per case for compensated work-related diseases reported in New South Wales in 1985. (ABS, 1987:Table 5.6)

Broad estimates like these, while setting the general financial dimensions of compensating for injury, are at best only descriptive and should be treated with caution. Not only do they suffer from the fundamental data deficiencies mentioned above but by omission, they also tend to obscure regional, social, ethnic, gender-specific, and racial factors which contribute to wide individual cost variations.

This is unfortunate, as is illustrated by the example of the South Coast Workers' Occupational Health Centre's study, *Employment Injuries Estimates For Wollongong and The South Coast* (1987). Highlighting the influence of regional factors in the cost of compensation claims, this study estimated the average cost of trauma injuries in the Wollongong and the South Coast region to be some 22.1 per cent over the average cost in NSW for these same injuries. Likewise work-related disease costs were estimated to be 11.7 per cent above the NSW average.

In addition, the imprecision of workers' compensation statistics and their consequent insensitivity to cost differentials, particularly those of personal cost (reflected in differential access to benefits) means that existing

injury and compensation data are severely limited. At best they limit discussion of cost-shifting to national, State or regional levels. They do not permit analysis of personal cost development among particular social groups on the basis of ethnicity or gender, for example, or in terms of labour market-related differentials in access to workers' compensation. Almost by default, perhaps, responsibility for the identification and measurement of these factors has fallen onto independent local and regional studies.¹¹ Data from several of these, both quantitative and qualitative, are included to illustrate aspects of personal cost development.

2.2 The Cost of Professional Intermediaries

In common law/statutory schemes some 48 per cent of premium income is not directed to income maintenance payments. This can be seen from Table 2.1 which reproduces material presented by the Cooney Report (1984). The data are derived from returns by statutory insurers to the Federal Insurance Commissioner. The figures in brackets have been added to highlight the component of premium income which is directed to income maintenance (52 per cent) and that which is directed to treatment of injuries and administration of claims (48 per cent of premium income).

TABLE 2.1: ALLOCATION OF PREMIUM INCOME

	Per cent
Weekly payments	22
Redemptions	16
Common Law	10
Death	3
Table of Maims	1 (52%)
Hospital and Medical	17
Administration	15
Legal	12
Brokerage	4 (48%)
	—
	100

Source: Cooney Report, (1984), Table 1.16.

¹¹ See Alcorso (1988) for a detailed discussion of ethnicity-related aspects of industrial injury and disability and workers' compensation.

The practice of determining liability or establishing the eligibility of applicants often requires the services of legal, medical and administrative personnel and the incorporation of their costs into the overall cost structures of workers' compensation schemes. These costs are subsequently reflected in insurance premiums and it appears that it is not only insurance companies, but professional intermediaries including lawyers, doctors, investigators and others, who gain financially.

The ACPI (1987:51) estimated the total premium income of workers' compensation to be at least \$1.75 thousand million in 1982-83, while the actual total cost of claims (including payments made for future liability) was \$826.7 million in 1983/84 or 47 per cent of total premium income.¹² Being sourced from different years these figures are not directly comparable. Nonetheless their similarity to those presented in Table 2.1 reinforces the suggestion that the transfer of compensation premiums to intermediate professionals has been considerable. On the basis of the ACPI data and the Cooney Report estimates, for example, legal expenses alone (including investigative and some medico-legal costs) would have been in the order of \$210 million in 1982-83.

2.3 Work Injury Statistics - a Cautionary Note

Data on aspects of personal and social cost development are discussed in this chapter. While it is clear that many employees have undoubtedly benefitted from workers' compensation schemes, in both the short and longer terms, lack of reliable estimates of the total number of work injuries makes it difficult to know exactly what proportion of all such injuries are represented in these data. This is partly because measurement of work injuries has generally been of a low standard in Australia, making quantification of the 'costs' of income maintenance for employment injury and disability difficult. As Worksafe Australia noted in 1985:

At the present time, Australia lacks comprehensive, comparable, reliable and timely statistics on occupational injury and disease experience. These often criticised data inadequacies have serious implications for the effective development and monitoring of occupational health and safety policies and programs. Currently then, it is not even possible to obtain accurate statistics on the total number of deaths due to occupational injury and disease or the cost of occupational injury and disease. (Worksafe Australia, 1985:1)¹³

Much of the debate over costs, cost effectiveness and cost reform has been guided by the definitions used by the Australian Bureau of Statistics and State authorities responsible for work injury and workers' compensation. Deficiencies in these data bases have been long recognised. Cost estimates have by necessity been prepared from these sources simply because they have been the only ones available.

In 1984, for example, the Victorian government estimated that statutory/no fault schemes, independent personal insurance, and common law compensation schemes provided 'reasonable' compensation in 90 to 95 per cent of instances (WorkCare, 1984:27). This figure should be treated with caution, however, as it really refers only to recognised cases of work injury and not to unrecognised or recurrent injuries or those with delayed onset. It is also unclear whether this figure includes cases which were the subject of settlement by lump sum redemptions, a method now regarded as unsatisfactory (see Stewart, 1986:68-76).

Data deficiencies have been quite marked in some instances. For example, publication of Victorian work injury statistics was actually suspended for a number of years by the Australian Bureau of Statistics (ABS). It was noted that the statistics in that State were 'not of a standard required for publication' (ABS, 1980: File reference No. 79/207). Several factors, including data collection in the workplace and at State and Federal levels have contributed to underenumeration in this area.¹⁴ Readers are therefore cautioned that some data in this chapter suffer from these and other deficiencies. They have been included because of the absence of better data and because they provide confirmation (by national estimates) of anecdotal, and local and regional quantitative data on the interaction of workers' compensation and the social security system.

12 Or 44.2 per cent if the cost of claims is adjusted using the consumer price index to 1982-83 prices.

13 Worksafe Australia has subsequently produced proposals for a national data set of compensation statistics to remedy some of these deficiencies (see Worksafe Australia, 1987).

14 Aspects of data collection have been reviewed in more detail in Stewart (1986) and Alcorso (1988).

Despite there being few extant data on the social division of work injury-related expenditures - between the public and private sectors and private households - those local, regional and State data on aspects of work injury which do exist, combined with Commonwealth data based on invalidity and usage of the social security system, provide us with examples of workers' compensation/social security interaction.

Interpretation of these data (both quantitative and qualitative) suggests that employers often bear only a portion of the full costs of industrial injuries and that many of the costs of injury are transferred to individuals and to the community. These data show how public sector expenditures, particularly social welfare expenditures, can act as production subsidies to the private sector by substituting for, or socialising, a proportion of labour costs. By these means some of the costs of work-related injuries are dispersed to communities as personal and social costs, effectively producing a social division of work injury costs.

2.4 Survey Data

Few studies, with the exception of the 1979 Survey of Invalid Pensioners (DSS, 1981) and the more comprehensive Handicapped Persons Australia (ABS, 1982), hereafter referred to as the Survey of Handicapped Persons¹⁵ have both a national emphasis and contain specific reference to employment injury, invalidity, compensation and social welfare dependency.

The Survey of Invalid Pensioners used a stratified sampling framework involving the analysis of 5.5 per cent of the Department's invalid pensioner files to determine the major underlying cause(s) of invalidity for invalid pensioners. From this it estimated that an accident was the 'major cause of invalidity' in 19,050 (or 8.9% of all cases on file). Of these it was estimated that for 5,240 (27.5%) of all invalid pensioners an accident at work was the underlying cause of disability (see DSS, 1981, Table 15, summarised here as Table 2.2.).

Unfortunately this survey was unable to provide detailed information on individual cases of work injury. The authors themselves noted that poor reporting of 'type of accident' on medical reports produced many ambiguous cases which, while undoubtedly including some cases of work-related injury, were subsequently excluded from the data base (DSS, 1981:57). In addition it makes no mention of invalid pensioners who may be suffering from work-related illnesses and diseases and as such their status in the survey is unclear. It also contains little or no accident-specific data, disaggregated according to ethnicity, gender, or occupation and so is of limited use when comparing it to other local and regional studies which emphasise these social and labour market factors. For these reasons the 27.5 per cent of accident cases (2.5 per cent of all invalid pensioners) identified in the survey as having a work injury as the major underlying cause of their disability is, in all probability, an underestimate.

The Survey of Handicapped Persons (ABS, 1982)¹⁶, does provide some national estimates of disability disaggregated by sex, ethnicity and the causal nature of injuries. This enables some comparison of work-related injuries with other causes of disability on a national basis. The sample for this survey consisted of two groups. Included in the first group were all households and non-private dwellings (including houses, flats, hotels, motels etc.). This yielded a sample of approximately 33,000 households Australia-wide. The second group consisted of a sample of 723 institutions (hospitals, homes for the aged etc.). Unless otherwise indicated, the information presented below from the Handicapped Persons Survey refers to non-institutionalised persons only.

15 It is recognised that the term 'handicapped person' is derogatory to 'people with disabilities' (the phrase with which it has been replaced to some extent). However its usage has been retained here, where necessary, in order to maintain consistency with the Survey of Handicapped Persons title and usage therein.

16 For the purposes of the survey, a disabled person was someone who had one or more of a variety of physiological or mental disabilities or impairments, such as: loss of hearing, speech difficulties, incomplete use of limbs, fingers and toes and so on, a disfigurement or deformity, someone who required supervision for a mental disability, or needed long term medication for a limiting medical condition. A person was further classified as handicapped on the other hand if they were disabled but identified as being further limited in some degree in his or her ability to perform tasks in all or some of the following areas: self care; mobility; communication; schooling; or employment. A more complete description of the criteria used to define the status of persons in the survey can be found in ABS (1982) Cat. No. 4343.0.

TABLE 2.2: MAJOR CAUSE OF INVALIDITY WITH ACCIDENT MENTIONED AS THE UNDERLYING CAUSE BY TYPE OF ACCIDENT

Major Cause of Invalidity	Accident at work	Other Accident	Unspecified Accident	Motor Vehicle Accident	Total
Mental Disorders					
Neurotic & personality disorders & psychoses	*140	**	310	430	900
Mental retardation	**	*130	*140	*200	470
Diseases of Nervous System and Sense Organs					
Paralysis of limbs	*160	400	410	970	1940
Epilepsy	**	**	*200	*180	400
Other diseases of central nervous system	**	**	**	**	*70
Blindness and low vision	*110	*90	*90	*90	380
Loss of Limb(s)	*200	**	*160	*220	610
Diseases of Musculoskeletal System & Connective Tissue					
Arthropathies	*160	*90	*250	340	850
Dorsopathies	2840	770	1490	880	5990
Other conditions	320	*180	*270	*220	990
Cases attributed to other injuries and poisonings:					
Fracture of skull, brain injury and late effects of such injuries excluding paralysis	*230	*130	290	*230	880
Fracture of limbs including late effects	*220	*230	650	790	1890
Other injuries	560	*180	580	320	1640
Other Diseases	*140	*70	*70	*160	450
Total major causes of invalidity caused by accidents	5240	2470	5490	5850	19050
Per cent of total	27.5	13.0	28.8	30.7	100

* Subject to standard error in the range of 25% - 50%.

** Estimates not provided.

Source: Department of Social Security (1981), *Survey of Invalid Pensioners*, page 58.

Like the Survey of Invalid Pensioners the published data from the Survey of Handicapped Persons contain only limited information on handicapped and disabled persons injured in the course of employment. Other unpublished data from this survey, however, provide additional detail on the close relationship between employment injury, handicap and the development of social welfare dependency. Tables 2.2 to 2.7, Appendix 2.1, Appendix 2.2 and Figures 2.1 and 2.2 of this report are derived from the Survey of Handicapped Persons.

The 1981 Survey of Handicapped Persons estimated that some 1,942,000 Australians (13.2 percent of the population) were disabled, that some 1,264,000 Australians (8.6 per cent of the population) were 'handicapped', and that a further 677,400 were 'disabled but with no subsequent handicap'.

From Table 2.3 it can be seen that of the 201,586 persons estimated to have a primary handicapping condition which was the result of an accident, an accident at work was identified as the major cause in some 67,492 cases (33.5 per cent of all accident victims identified by the survey. Of these, as few as 10,672 persons (15.7%) had been in receipt of income from workers' compensation. By contrast 15,794 (23.6%) reported the Invalid Pension as a post-injury income source (Table 2.4). (Note again that these figures reflect income sources and not persons.)

When disaggregated according to the length of time since the accident at work occurred (Table 2.5), the data show workers' compensation payments to be a comparatively short-term income source, being largely replaced by the Age and Invalid Pensions after five years or so. According to Table 2.5 of those persons injured 10 or more years ago only 500 (1.64%) of the total of 30,400 persons in columns four and five reported workers' compensation as a source of income. On the other hand, an estimated 6,000 persons (19.73 % of persons in households) whose primary disability was caused by an accident at work ten or more years ago were in receipt of the Invalid Pension. Another 10,700 (35.2%) were estimated to be receiving the Age, Widows or Repatriation Pension.

In Figure 2.1, which displays the same data as Table 2.5, the declining role of wages and salaries and workers' compensation as an income source is in sharp contrast to the increasing reliance on the Invalid Pension. The importance of the Invalid Pension, in turn, diminishes between five and nine years after the accident, whereupon the incidence of Age, Widows, and other pensions and benefits correspondingly increases. These patterns concur with other Department of Social Security data indicating that invalid pensioners transfer mainly to the Age Pension (DSS, 1988a).

It is not suggested that all workers' compensation claimants will inevitably progress to the Invalid Pension (indeed the data for women indicate that this is not the case). Nor can it be said that their invalidity is due to physical impairment. Many of these persons would have become eligible for the Age Pension in any event. Nor were any data collected on the amount received from either source. What the data do clearly illustrate, however, is the increasingly important role of both the Invalid Pension for work injured persons during the first seven to nine post-injury years and of the Age Pension thereafter.

2.5 Costs to Social Security and to Persons

Clearly the Invalid Pension, and the Age Pension thereafter, have tended to truncate employers' financial liabilities in this area. For 50 per cent of all invalid pensioners in Australia the transition from Invalid to Age Pension occurs, on average, after seven years (6.6 and 9.2 years for males and females respectively) (DSS, 1988b: Table 25). It is worth noting also that invalid pensioners typically have a high mortality rate and that in about 25 per cent of those cases where the Invalid Pension is terminated, death is the reason (DSS, 1988a: Table 7).¹⁷

17 It should be noted that this figure relates to all invalid pensioners and that mortality is not therefore an accurate representation of the injury trajectories of 25% of all invalid pensioners with a work-related injury. As such it cannot be inferred that 25% of all work-injured invalid pensioners will die as the result of that same disability or even that the mortality rate of work injured invalid pensioners is 25% after seven years. However, the generally high mortality rate of invalid pensioners does suggest that the mortality of work injured invalid pensioners should be examined in order to establish whether or not this sort of extreme personal cost development (i.e. a causal relationship between work injury, invalidity and death) exists for this group also.

**TABLE 2.3: HANDICAPPED PERSONS WHOSE CONDITION WAS CAUSED BY AN ACCIDENT:
PLACE WHERE ACCIDENT OCCURRED**

Australia (Full Estimate)		
Place of Occurrence	N	%
Accident at work	67 492	33.48
Accident at school, college, university	3 217	1.60
Accident at home	30 257	15.01
Street, road or highway accident	72 831	36.12
Accident at sport	9 957	4.94
Other accident	17 832	8.85
Total	201 586 ⁽¹⁾	100

(1) Includes 478 persons in institutions.

Source: ABS (1982), *Handicapped Persons, Australia*, Cat. No. 4343.0.

**TABLE 2.4: HANDICAPPED PERSONS WHOSE CONDITION WAS CAUSED BY AN ACCIDENT AT
WORK: SOURCE OF INCOME**

Australia (Full Estimate)		
Source of Income	N	%
None	1 931	2.9
Wages, salaries, self-employment	35 388	54.0
Superannuation	2 655	4.0
Investment, rents, dividends, interest, royalties	11 592	17.3
Workers Compensation	10 632	15.9
Unemployment Benefits	2 045	3.1
Invalid Pension	15 794	23.6
Other Pensions, Benefits and Allowances	29 236	43.7
Other regular income	2 655	4.0
No information	2 067	3.1
Total	67 014	100*

* The individual percentages aggregate to more than 100 as the categories are not mutually exclusive.

Source: ABS (1982), *Handicapped Persons, Australia*, Cat. No. 4343.0.

TABLE 2.5: HANDICAPPED PERSONS WHOSE CONDITION WAS CAUSED BY AN ACCIDENT AT WORK: SELECTED SOURCES OF INCOME BY AGE

Australia (Full Estimate) (‘000 Persons)						
Source of Income (persons)	Years Since Accident					Total
	Less than 1 yr	1-4 yrs	5-9 yrs	10-19 yrs	20+ yrs	
Wage & Salary Earners	3.8	11.7	7.5	5.0	2.6	30.5
Interest, Rents Dividends	n.a	2.6 ⁽¹⁾	3.4	3.2	2.4	11.6
Workers Compensation	2.3	4.9	2.9	0.5 ⁽²⁾	n.a	10.6
Invalid Pension	0.3	3.0	6.5	3.8	2.2	15.8
Aged/Widows/Repatriation	n.a	3.3 ⁽¹⁾	2.5	4.4	6.3	16.5

Notes: (1) 0-4 years
(2) 10+ years

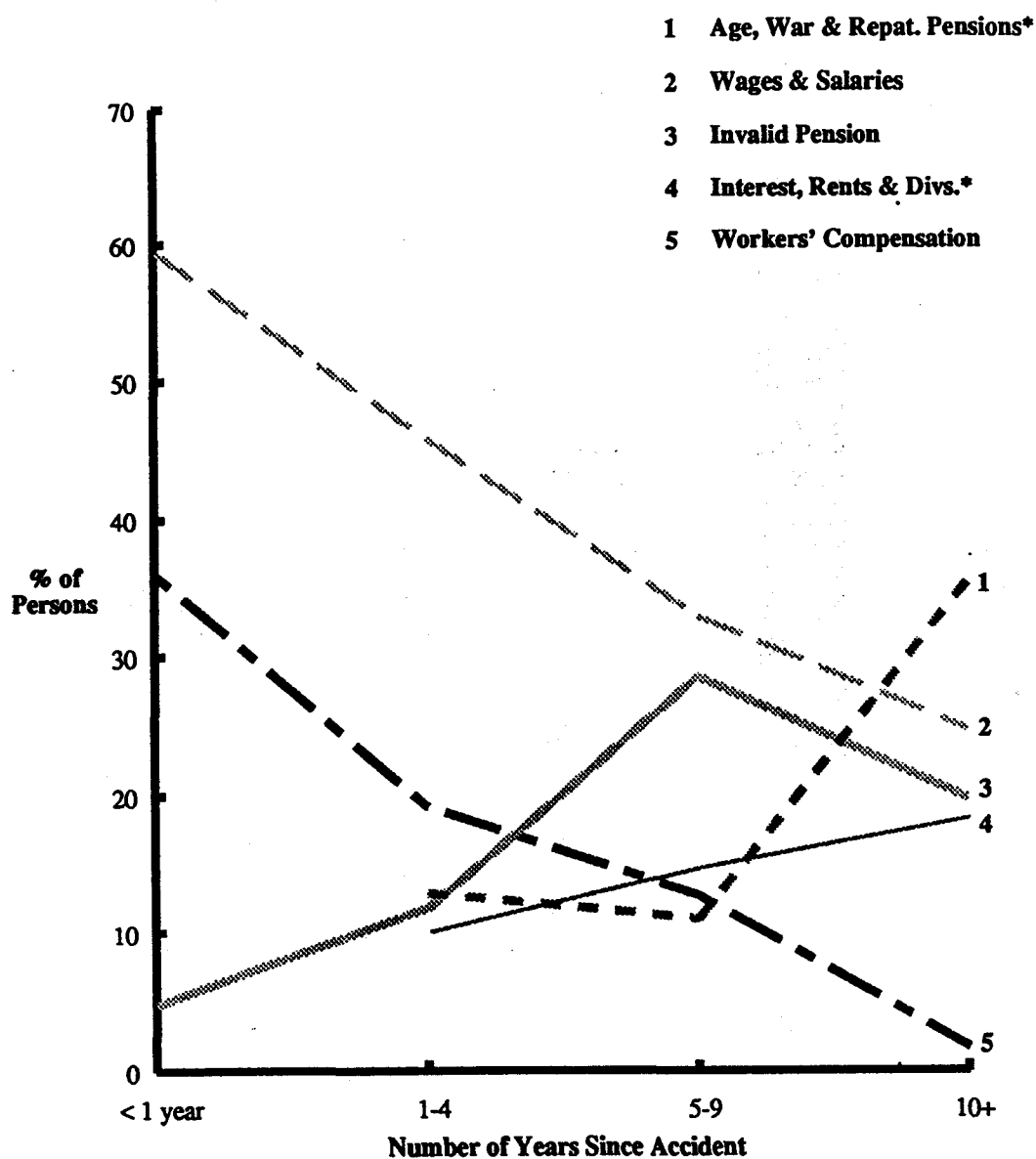
Source: ABS, Survey of Handicapped Persons, 1981, unpublished data.

When the respective proportions of both workers' compensation and the Invalid Pension are compared, as in Figure 2.2, the relative importance of each over time becomes apparent. Systematic income loss represented in this way indicates something of the personal and social cost development which might accompany a serious work-related injury. The apparent decline in the importance of the Invalid Pension as a source of income is most probably attributable to the transfer of invalid pensioners to the Age Pension, and the high mortality rates of invalid pensioners referred to earlier.

As earnings-related retirement incomes become more prevalent due to greater coverage under occupational superannuation, then workers injured prior to retirement (and dependent on either workers' compensation or the invalid pension) will presumably not receive retirement incomes at the same level as their able counterparts due to the smaller level of contributions made prior to retirement age. Unless their contributions are maintained by employers or government they will, albeit in a relative sense, incur additional financial hardship for their work-related incapacities. As such the current emphasis being placed on occupational superannuation may have implications for the generation of personal costs in old age, unless additional compensatory measures are implemented.

Initial access to compensation, the size of any compensatory settlement or weekly payment, and the manner in which it is provided to incapacitated workers are obviously major factors in determining post-injury incomes and, thereby, personal cost levels, for persons of both working and retirement age. Potential to compound these factors arises, however, due to social security pensions and benefits eligibility criteria. Eligibility for public sector benefits is determined by an income test. For couples the income of both persons is taken into account. The Survey of Handicapped Persons estimated that the ratio of men to women whose primary cause of disability was an accident at work was 5:1 (5 males to each female), and this figure is compatible with the gender specific ratio of employment injury in New South Wales between 1982-83 and 1984-85 inclusive (ABS, 1987). However, this ratio

Figure 2.1: Selected Sources of Income By Number of Years Since Accident
 (Expressed as a Percentage of Total Reported Sources of Income)

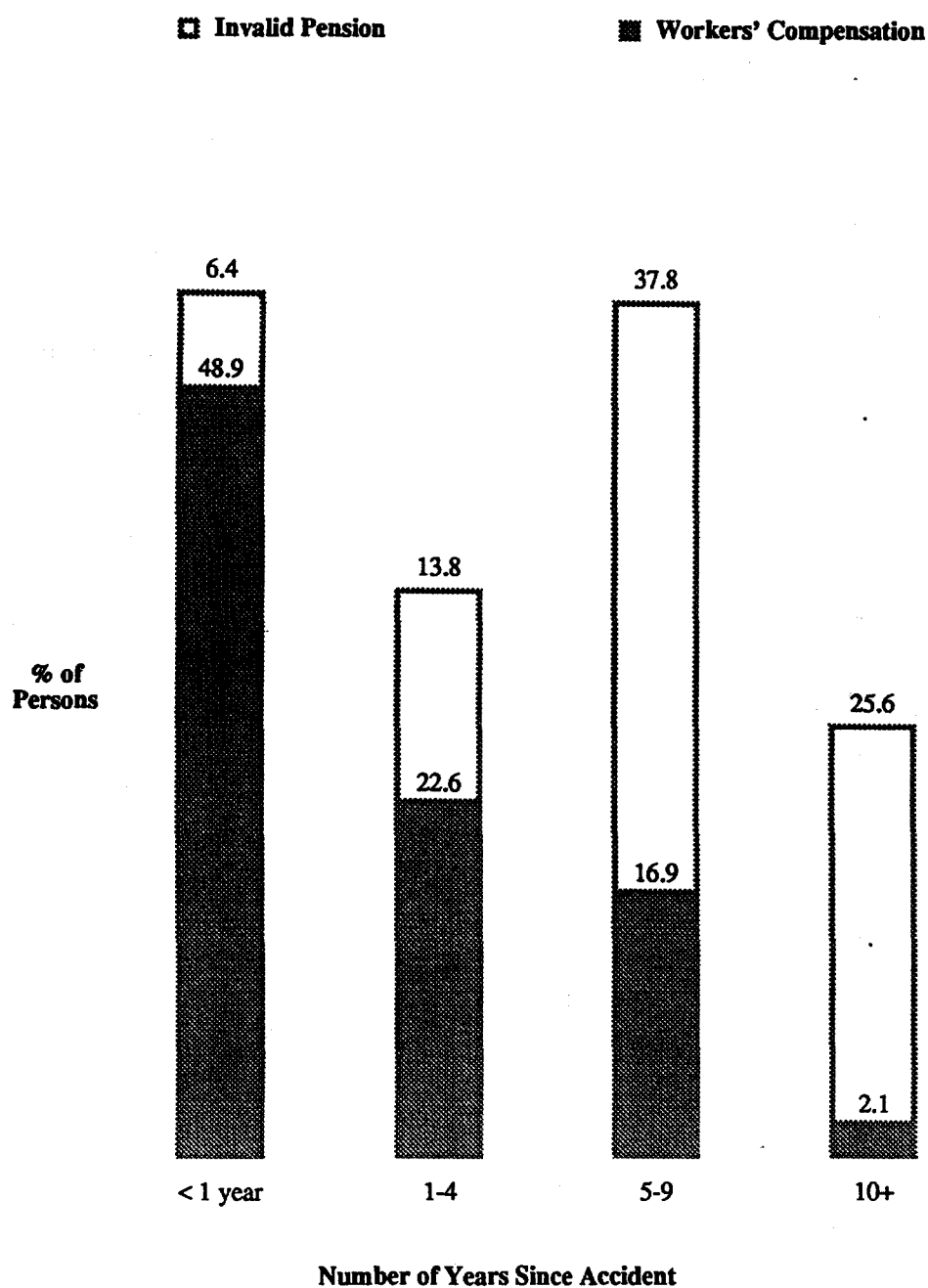


* Indicates no data available for '< 1 year'

Note: Persons may report more than one income source.

Source: Derived from ABS (1982), Handicapped Persons Australia, 1981, Cat. No. 4343.0.

Figure 2.2: Invalid Pension and Workers' Compensation Recipients as Percentage of All Work Injured



Source: Derived from ABS (1982), Handicapped Persons Australia, 1981, Cat. No. 4343.0.

is not reflected in the income sources data in Table 2.6 (which is derived from Appendix Tables 2.1 and 2.2) for either workers' compensation or the Invalid Pension.¹⁸

Bearing in mind the problems of sampling error these figures suggest that the rate at which women no longer receive workers' compensation after injury may decline faster than the rate for males. This supports anecdotal evidence of restricted access to compensation and smaller amounts of lump sum compensation among women. Apparently this occurs in spite of the fact that, when compensated, women, on average, spend longer in receipt of compensation payments than males.¹⁹

The ratio of males to females in receipt of income from interests, rents and dividends shown in Table 2.6 is 3.8:1 and it is possible that the low ratio of females receiving workers' compensation is offset by claims settled either by lump sums in the form of common law damages or redemptions. Interpretation of Appendix Tables 2.1 and 2.2 does not support this however. The male to female ratio for this income source increases to 5:1 after five years. The respective proportions for invalid pension uptake implied in Appendix A.1 and A.2 are: overall ratio, 8.3:1; 1-4 years, not available due to low count; 5 years plus, 8.6:1.

While the higher than average ratio of income derived from wages and salaries and interest, rents and dividends amongst women may reflect some investment of lump sum compensation and redemptions in interest bearing deposits, this category, including as it does interest derived from all savings accounts etc. is too broad to be exclusively indicative of invested lump sum compensation replacing weekly or periodic payments. In any case this over-representation does not continue beyond the fifth year and possibly not even beyond the first year or two (Tables 2.6, Appendix 2.1 and 2.2). This concurs with research on lump sum compensatory payments which shows that little long-term benefit is derived from such payments (Law Reform Commission of New South Wales, 1984; Blackett-Smith and Rubenstein, 1985; and Casey and Charlesworth, 1985), aspects of which have been discussed in more detail in Stewart (1986) and Alcorso (1988).

The increase in work injured persons receiving either Age, Widow or Repatriation Pensions after seven years or so (Figure 2.1) reflects the convergence of several factors, both social and demographic. These include the increased prevalence of disability among persons in their mid-forties and early fifties and the subsequent ageing of this cohort. This, in conjunction with the demographic fact that women live longer than men, and the fact that eligibility for the Age Pension occurs five years earlier for women, contributes to the greater number of women in receipt of the Age Pension. Table 2.7 presents the same data as Table 2.4 but for Invalid Pension and workers' compensation recipients where disability is attributed to work injury and motor vehicle injury only.

Table 2.8, using more recent data from the Census and the Department of Social Security also indicates that, despite restricted access to compensation, the incidence of Invalid Pension uptake among women (either ESB or NESB)²⁰ is lower than among males. It is possible that the under-representation of women as social security recipients is indicative of inequities present within social security eligibility criteria. This is discussed in more detail in the next chapter. This same table highlights the restricted access to workers' compensation and the Invalid Pension among women. Exclusion of women in such a manner reflects Department of Social Security eligibility criteria which

18 Readers are again reminded that it is statistically invalid to extrapolate from data where figures have been suppressed on the basis that being so small these estimates are in fact subject to sampling error too large for practical purposes. In other words they may be inaccurate. However, in the absence of other measures this has been done. All Appendix Tables 2.1 and 2.2 do therefore raise the possibility that the male to female ratio for workers' compensation may actually increase (after the first year to about 7:1 for persons injured more than 1 year prior to the survey). The lack of conclusive data in this area also suggests that additional studies should be undertaken as a matter of priority.

19 There are indications that those women who are initially compensated, and who manage to retain access to these benefits, apparently experience longer average durations on benefits than men. For example, a Victorian Government publication, prepared by the Office of Budget and Management (WorkCare, 1987), notes that for persons injured in October 1985, the average duration on Workcare benefits (from the start of benefits) of long term female claimants is greater than for long term male claimants and that: 'The average duration from the start of benefits for all claimants on weekly benefits is estimated to be 0.5 years for males and 1.7 years for females...' (Workcare, 1987:40)

20 Most male invalid pensioners qualify for the Age Pension at age 65 while females qualify at age 60. For this reason male invalid pensioners aged 40-64 years and female invalid pensioners aged 40-59 years were selected for Table 2.7. Census categories restricted the comparative total population groups to those aged 45 and above. The abbreviation ESB refers to all persons born in either Australia, New Zealand, UK/Ire, Canada, USA, or South Africa. All others were classified as NESB.

TABLE 2.6: HANDICAPPED PERSONS WHOSE CONDITION WAS CAUSED BY AN ACCIDENT AT WORK: SELECTED SOURCES OF INCOME BY SEX

Sources of Income (persons)	Work Accident Cases Only ('000 Persons)					
	Males (N = 5.60)	%	Females (N = 11.0)	%	Ratio M:F	Persons (N = 67.0)
Wages and Salaries	24.6	28.7	5.9	34.1	4.2:1	30.5
Workers' Compensation	9.0	10.5	1.6	9.2	5.6:1	10.6
Invalid Pension	14.1	16.4	1.7	9.8	8.3:1	15.8
Interest, Rents, Dividends	9.2	10.7	2.4	13.9	3.8:1	11.6
Aged/Widows/Repatriation Pension	13.4	15.6	3.1	17.9	4.3:1	16.5
Other	15.5	18.1	2.6	15.0	6.0:1	18.1

* More than one source of income may be reported.

Source: ABS, Handicapped Persons Survey 1981, unpublished data.

TABLE 2.7: HANDICAPPED PERSONS WHOSE CONDITION WAS CAUSED BY AN ACCIDENT: PLACE WHERE ACCIDENT OCCURRED BY SEX BY SELECTED SOURCES OF INCOME

Australia (Full Estimate) ('000 Persons)								
Place Where Accident Occurred								
	Work (N = 67.0)				Street, Road, Highway (N = 70.8)			
	Males (N = 56.0)		Females (N = 11.0)		Males (N = 35.0)		Females (N = 35.8)	
	% Males	N	% Females	N	% Males	N	% Females	N
Workers' Compensation	16.1	(9.0)	14.5	(1.6)	*		*	
Invalid Pension	25.2	(14.1)	15.4	(1.7)	29.4	(10.3)	11.2	(4.0)

Notes: * Not Applicable

Source: ABS, Handicapped Persons Survey 1981, unpublished data.

TABLE 2.8: INCIDENCE OF INVALID PENSIONERS, SELECTED GROUPS

Persons	NESB		ESB	
	Males	Females	Males	Females
a) Total Population ⁽¹⁾	338 952	218 225	1 159 047	892 527
b) Invalid Pensioners ⁽²⁾	51 786	9 923	122 949	38 653
b/a (%)	15.27	4.55	10.6	4.33

1. Males 45-64 Females 45-59

2. Males 40-64 Females 40-59

Source: ABS (1986), Census of Population and Housing, unpublished data.
DSS (1987), Unpublished data.

treat combined income (e.g. both spouses) and not the income of the individual as assessable income when eligibility for pensions and benefits is being determined.

It appears, from these data at least, that restricted access to workers' compensation and to social welfare may produce higher personal cost burden as the result of employment injuries among women than among men. That persons who are economically independent through paid employment should, through the application of the combined income test, become dependent on the earnings of their spouse through no fault of their own, regardless of gender, is inequitable. The revision and construction of eligibility criteria should take these problematic factors into account.²¹

2.6 Aborigines and Undercompensation

Anecdotal evidence from a solicitor who had practised in outback Queensland, indicated that Aboriginal people in rurally based employment, especially jackarooing, often suffered serious incapacitating injuries for which they were not compensated. Similar experiences were encountered by the Board of Inquiry Into the System of Workers Compensation in the Northern Territory (Doody et al., 1984) which cited anecdotal evidence, from several sources, of undercompensation among Aboriginal workers.

Evidence from the Central Australian Aboriginal Congress, Central Australian Aboriginal Legal Aid Service, Pitjantjatara lawyers, Department of Social Security and Peppimenarti Community clearly shows that some Aboriginals who have sustained injuries at work have not claimed Workers' Compensation. The reasons for not claiming include ignorance of rights, remoteness and lack of supporting medical evidence.

21 Similar aspects of disadvantage in relation to other benefits are discussed in a number of places, some of which are: Edwards (1983:179) in relation to unemployment benefits; Kirkwood (1986:144-169) and Fraser (1987) discuss the operation of eligibility criteria in the Social Security Act in respect of invalid pensions. A discussion of the generally diminished labour market status of women employees may be found in Lever-Tracy (1987).

Information received from Insurers indicated that claims experience from Aboriginal communities is so slight that rates quoted are as low as 2% of wages.

One of two conclusions can be drawn from this fact.

- * *Either Aboriginal communities have exemplary safety records; or*
- * *when injured, Aborigines don't claim Workers' Compensation.*

Inquiries made by the Board tend to suggest that, for a number of reasons, Aboriginals often do not claim...in two instances brought to the Board's attention it appeared that delay and procrastination by employers effectively avoided payment. The persons eventually qualified for unemployment benefits. (Doody et al., 1984:75)

Reflecting the overall lack of data in this area the Doody Report also noted that accurate statistical information was unavailable but that

information be obtained about Aboriginals on Social Security benefits including Invalid Pensions, Sickness Benefit, Unemployment Benefit and other benefits to establish whether or not such benefits are in fact being paid as a result of work-related injuries. (Doody et al., 1984:77)

2.7 Migrants and Undercompensation

In 1983 Blackett-Smith and Rubenstein investigated differential access to compensation. Their study examines the cases of 157 workers who had received a lump sum settlement during 1983 as compensation for either back injury or repetition strain injury, and who had been unable to work for at least 12 months prior to settlement. They concluded that NESB migrant workers generally received

somewhat lower levels of compensation than Australian born workers, the median lump sum compensation received by migrants (including common law settlements) was \$16,500, while Australian born workers received a median of \$19,500. (Blackett-Smith and Rubenstein, 1985: 22)

Blackett-Smith and Rubenstein found that all women workers as a group were disadvantaged in that they received lower lump sum settlements than Anglo-born men. In most instances NESB women featured as the most disadvantaged group (ibid. 24-25). They concluded that there was a strong possibility that NESB migrants would generally receive less compensation than their Anglo-Australian born counterparts.

These conclusions were reaffirmed by Alcorso (1988) in her review of material from the ABS Survey of Handicapped Persons. She reported that while NESB migrants with disabilities are not over-represented among all such persons in Australia,

substantially greater proportions of people from the non-English speaking countries for which figures are available are handicapped as a result of accidents, compared to Australians whose conditions are caused by disease or old age. While handicap-causing accidents of the Australian-born population occur mainly on the roads, those of the migrant groups occur mainly at work. (Alcorso, 1988:42)

Typically employment for NESB migrants has been concentrated in higher risk areas. (Morrissey and Jakubowicz, 1980; Kriegler and Sloan, 1984) As well, work injured NESB migrants appear to be hospitalised at a greater rate than Australian-born people (Alcorso, 1988:132). It is not surprising therefore to find that people from non-English speaking backgrounds (over-represented in the high risk occupational categories and comparatively undercompensated when compared to Anglo-Australians) are also over-represented as Invalid Pensioners when compared to the Australian-born population (see Table 2.8). This requires detailed analysis from the viewpoint of labour market segmentation and participation.

2.8 Conclusions

Data from surveys undertaken by both the Australian Bureau of Statistics and the Department of Social Security have been cited in this chapter. While not indicating the actual extent of cost transfer between workers' compensation and the social security system, these data support assertions, made in other studies, that these transfers have occurred on a routine basis for many years, and even decades. Clearly, some of the financial burdens associated with the need for income maintenance which arise out of employment injury are borne by the social security system. Other welfare services associated with health care and rehabilitation are also undoubtedly affected by the transfer of financial responsibility although the above data did not deal with this aspect of cost transfer. Residual financial and psychological burdens not covered by either system are borne by individuals and their households.

Studies indicating that women in general, male migrants from non-English speaking backgrounds and Aborigines have typically been undercompensated have also been cited. These studies provide empirical support for anecdotes of differential compensation and the replacement of workers' compensation by social security pensions and benefits when the former is no longer available. It was noted that several factors can contribute to increased rates of injury among these groups and that the stereotypes of 'compo bludging migrants' and 'migrants' back' or unwarranted over-representation on pensions and benefits cannot be justified. In summary, the data appear to support anecdotal statements to the effect that:

- * for the majority of cases of long term or permanent work injury, workers' compensation has only ever been readily available for the first few years of injury;
- * women, in general, receive less workers' compensation and have less access to replacement social security pensions and benefits than males;
- * non-English speaking background migrant women appear to be more disadvantaged than ESB women;
- * non-English speaking background migrants are generally more susceptible to undercompensation and therefore most likely to incur personal costs;
- * Aboriginality appears to be a factor in undercompensation and subsequent development of work injury-related social security dependency;
- * Anglo-Australian males seem to be at least disadvantage in terms of access to workers' compensation benefits.

It also appears that social welfare policies, by not ensuring greater liaison between compensation schemes and the social welfare sector, reinforce the restricted access to workers' compensation which both male and female NESB migrants and ESB women experience. Not ascertaining the causal nature of applicants' invalidity (accident or disease), and constructing eligibility for pensions and benefits on the basis of marital status, appears to reinforce and further contribute to the development of personal cost.

The above data only allow these relationships to be presented in general terms. Employment related injuries have enormous implications for the generation of social welfare costs, for public health costs, and for personal and social costs. The transition from workers' compensation to social security should therefore be investigated in detail, particularly the apparent truncation of employers' financial liability in this area. A comprehensive national survey of work injured persons undertaken with specific reference to the social and personal costs of work injuries, both trauma and disease, is required.

3. DISCUSSION AND CONCLUSIONS

The previous chapter presented data on aspects of the shifting of costs of injuries from employers to the public sector and private individuals. It is noted that no comprehensive time-series data on these issues have been collected by the ABS, the Department of Social Security, or any other body. For this reason patterns of usage of, and dependency on, the social security network, either as a temporary, or long term income support mechanism by work injured persons, are largely undocumented. These deficiencies contribute to our lack of knowledge about the mechanisms through which injury costs are shifted to the public sector and individuals. This chapter focuses on some of the social effects of these transfers. It discusses the implications of cost-sharing after work injury on the redistributive aspects of social expenditures and social wage models. Doubts about the benefit of the social wage as substitute compensation are raised and implications for social policy discussed. Conclusions are then presented.

3.1 Social Security Incomes

If social security payments were set at pre-injury earnings or a living wage level, personal economic loss would be reduced and one might be inclined to say that being on social welfare rather than workers' compensation was satisfactory. However, social security payments, including the Invalid Pension and Sickness Benefit, are paid at subsistence levels and not at pre-injury income levels (see Table 3.1). The Invalid Pension at the Standard Rate plus Rent Assistance (adult, no dependants) in March 1988, for example, was \$131.10 and the Combined Rate (couple no dependants) was \$208.50 per week. At that time \$131.10 was 105.3 per cent of the March 1988 Henderson poverty line income level for single adults 'not in the workforce' while \$208.50 was 118.3 per cent of the poverty income level for a married couple with no dependants where the head of the income unit is 'not in the workforce'. As at March 1988 these amounts (i.e. \$131.10 and \$208.50) were 27 per cent and 42.9 per cent of adult male average weekly ordinary time earnings respectively (\$485.70) (ABS, 1988a)). While such payments might counter the development of dissaving over a short period, it is unlikely that they are sufficient to counteract the development of poverty over the longer term.

TABLE 3.1: COMPARISON OF INVALID PENSION RATES AND THE HENDERSON POVERTY LINES, MARCH 1988

Family Type	Max. Pension* (\$pw)	Poverty Line (Head not in Workforce)	Pension as % of Poverty Line	Poverty Line (Head in Workforce)	Pension as % of Poverty Line
Single	131.10	124.50	105.3	153.50	85.4
Couple	208.50	176.30	118.3	205.30	101.6
Couple + 2 dependents	265.24	259.30	102.3	288.30	92

* Includes Rent Assistance and Family Allowance where eligible.

Source: Australian Institute of Applied Economic and Social Research (1988).

Weekly income for a married couple receiving the Invalid Pension and having no additional income in March 1988 was \$208.50. For an invalid pensioner couple with two children under 13 years of age the total weekly income from benefits was \$252.50 (additional pensions for children are \$22.00 p.w. for each child under 13 or \$28.00 for each child aged between 13 and 15) or 52 per cent of male average weekly ordinary time earnings. In a case in

which a pensioner family of this type has no income from other sources (except Family Allowance payments for the two children of \$12.74 p.w.) total household income will be about \$265.24 which is marginally greater than the March 1988 Henderson poverty line figure (\$259.30) for a couple with two children where the head is 'not in the workforce'.

3.2 Exclusion of Second Earners from Social Benefits

The income testing of the Invalid Pension on the basis of both pensioner and spouse incomes means that where combined income exceeds the threshold, an injured person is eligible for part pension only. Where this income exceeds the pension cut-out point, they receive no pension. Two effects are evident here. Firstly, costs are internalised within families. This arises from the fact that social security policy, in contrast to personal income taxation, treats combined income as assessable income and not just the income of the individual. While this might be reasonable on the basis of restricting benefits to persons in need, the means testing of benefits also appears to have the secondary effect of discriminating against married workers in comparison with single persons. Part-time workers, most often women, are most directly affected.

Some Department of Social Security survey data indicate that undercompensation or inadequate compensation for work injuries can contribute to social security dependency (DSS, 1981). Independent studies indicate that NESB migrants and NESB women especially are strongly affected by factors which contribute to undercompensation (i.e. differential recognition of similar injuries, selective compensation coverage, differential claim rejection rates and variable redemption sizes) and the possible development of social security dependency to a greater extent than their Anglo (ESB) counterparts. This contrasts with the tendency for NESB migrants to be employed in occupations in those industries which carry greater risks of injury (Morrissey and Jakubowicz, 1980; Kriegler and Sloan, 1984; Alcorso, 1988). On this basis it is argued that access to workers' compensation and associated services is a selective process, one in which ethnicity, gender and labour market status influence compensation outcomes.

It should be noted that the incidence of Invalid Pension uptake does not necessarily indicate the actual level of invalidity within sections of the community (Morrissey, 1984:53,73). Interestingly, despite a high take-up rate of the Invalid Pension by NESB migrants generally this over-representation is not evident among women when rates are disaggregated on the basis of gender (Table 2.8).

Most State workers' compensation schemes have traditionally had maximum limits on the benefits they pay. *Workers' Compensation Legislation in Australia* (1987), Tables 7, 8 and 9, published by the Commonwealth Office of the Commissioner for Employees Compensation, list limits in respect of compensation for total incapacity, partial incapacity and for specific injuries. Collectively these three tables indicate the sorts of compensation maxima which apply and, by inference, when the social welfare network is likely to become involved.

If we accept the proposition put forward by Ashford and Andrews (1983), Pearse (1985), Quinlan (1988) and Willis (1986) that compensation schemes provide compensation mainly in cases of trauma injury while disease-related work injuries have gone largely unrecognised and uncompensated, then it is also likely that public subsidies in this area may be greater than employment injury and survey data indicate. By default compensation is therefore very much the joint responsibility of the social security network and workers' compensation schemes. The crucial role of the Australian social security infrastructure as a source of interim and/or long term subsidy for State compensation schemes is quite apparent.²²

22 Other sources of undercompensation compound this problem. For example, an injury for which a person has previously been compensated by redemption (rendering them ineligible to make further claims for compensation for the same injury) may recur; persons may be unaware they are injured or unaware they are eligible for compensation; they may be unable to lodge a claim for a variety of other factors typically associated with non-declared employment and/or informal sector employment in low status labour market occupations (TNC, 1985). It is inevitable that workers' compensation statistics under-represent these dimensions of work injury.

3.3 The Social Consequences of Work Injuries

3.3.1 Personal costs

Although coverage is technically universal (in the sense that all employees are eligible, and all injuries), compensation is not automatically awarded for all injuries. Inadequate compensation or non-compensation can occur for a diversity of reasons, not the least of which is the simple non-reporting of injury, which itself is indicative of more complex underlying factors. One can also speculate that people may not report injuries for fear of jeopardising current employment, future employment, or future promotion prospects, or simply because an employee may not want to attract the stigma of being labelled a 'compo bludger'. In other instances people waiting for a common law case to go to court might receive the Invalid Pension, Sickness, Unemployment or Special Benefit as an interim income source. Social security cash transfers, including invalid pensions, unemployment benefits, and sickness benefits, provide income maintenance to people with work injuries, both on an interim and long-term basis reducing the personal costs of undercompensation and facilitating physical survival. They do not, however, provide income maintenance at a level equivalent to pre-injury earnings. Hence they do not facilitate normal pre-injury levels of social functioning. In fact, reliance on social security apparently increases the personal costs of work-related injuries.

Receiving compensation is not a guarantee of long-term economic security, and instances where people have received a lump sum damages settlement at common law or through having had their cases redeemed, only to run out of money, have been well documented (see for example Casey and Charlesworth, 1985). Whatever form it takes, inadequate compensation in many instances renders injured people dependent on the social security system and liable to incur greater economic and psychological personal costs. (See Mendelson, 1984:203-204 for examples.) The term personal cost, therefore, includes not only economic costs, (either current earnings, or future earnings including annual increments or promotional opportunities forgone), but also loss of physical or emotional wellbeing. Personal costs arise when individuals and their families are forced to make the social, vocational and psychological adjustments necessary to cope with serious injury and handicap. They are also reflected in 'the intangibles' - emotional hardship, loss of amenity of life, pain and suffering, and in the inconveniences of disability - all of which are difficult to quantify in dollar terms but which often form the basis of non-pecuniary common law damages settlements.

Perhaps the most common form of personal cost occurs through the short-term wage and salary losses and/or permanent reductions in personal long-term earning power which can accompany injury. Severe or permanent injuries may in turn precipitate the development of the less tangible forms of personal cost - a decrease in the physical and psychological quality of life, perhaps deriving from the stresses associated with coping with injury-related pain and suffering or from the loss of self esteem for example. These and similar 'heads' of damage have long been the basis for the assessment of compensation through common law damages claims. As noted earlier, Department of Social Security eligibility criteria, based as they are on the combined income of the income unit, limit access of second earners, usually wives, to social benefits (Edwards, 1983:177-182; Kirkwood, 1986:155-160; DSS, 1988c:109-111). Gender-specific factors therefore appear to compound personal cost development.

Of course no hard and fast statements can be made about 'proper', 'adequate', or 'complete' levels of compensation as there are no benchmarks by which to set such standards (Bray, 1985:20). Reference to personal costs, however, is useful as it provides an important insight into the actual operation of compensation schemes and their impact (in conjunction with the social welfare sector) on the market in Australia. It also provides a basis for assessing aspects of public/private sector integration represented by the social division of work injury costs, costs which might otherwise be left uncommented upon.

3.3.2 Migrant workers and personal cost.

Labour market power and status relations are reflected in the availability of, and access to, certain conditions of employment. For NESB persons, employment is often found in high risk occupations and in under-regulated areas of the labour market, i.e. those less likely to have award wages and conditions (including compensation coverage). There are strong grounds for arguing that the labour process is one which has typically discriminated against low status and peripheral areas of the labour market i.e. those areas in which employment for women and NESB migrants is most common. Furthermore, it appears that the integration of the social security system with the labour market contributes to, or at least reinforces, such arrangements.

Research undertaken in Victoria prior to the introduction of WorkCare in 1985 concurred with anecdotal suggestions and earlier empirical studies suggesting that NESB migrants had a greater likelihood of receiving smaller redemptions (Nye, 1978:462) and experienced greater dissatisfaction with compensation procedures (Encel and Johnston, 1978). As was noted in Chapter Two, female migrant workers have generally featured as the most disadvantaged group in this respect, being found to be 'almost six times as likely as Anglo-Saxon men to have their claims rejected' (Blackett-Smith and Rubenstein, 1985:22-25). The Cooney inquiry, conducted in Victoria prior to the introduction of WorkCare, also noted that certain elements of compensation schemes imposed 'special disadvantages upon women' (Cooney, 1984, 12.8. quoting Rubenstein, 1983). More recent research (Alcorso, 1988) indicates that NESB workers also have less access to rehabilitation and other post-injury support services. Casey and Charlesworth (1985) suggested that the generally diminished status of female-dominated sectors of the labour market, in conjunction with the tendency for 'women's work' to be seen as less demanding, make it more likely that injured women will be classified as fit for 'light duties' and not as totally incapacitated. This, they argue, contributes to a high claim rejection rate for women and to their relative under-compensation.

Although many of these studies were conducted with limited samples, their importance lies in the fact that they indicate some of the many factors which can seriously reduce the size of compensation payments. The full impact of these elements acting in combination with higher rates/incidences of work injury and with 'victim blaming' (Quinlan, 1988) has not been explored in sufficient detail. Rather, the impact of these social factors tends to be passed over in Departmental of Social Security research which suggests that the over-representation of NESB migrants is principally due to the demographic ageing of certain sections of the migrant population (DSS, 1988c:117).

Systematic undercompensation promotes the development of associated personal and social costs and results in a disproportionate incidence of welfare-dependence among specific social groups. Characterisation of a particular injury as 'Mediterranean back' or 'Lebanese back' and of the injured as 'compo bludgers' are symptoms of unequal representation and has contributed to the stigmatisation of migrants generally²³. These factors in combination with proportionately higher levels of employment in high risk occupations, employment in the informal labour market where compensation insurance and other features of regulated employment do not exist, and inadequate access to rehabilitation services, suggest that migrant workers, and migrant women particularly, have been more likely to incur greater personal costs from employment injuries.

3.3.3. Social costs

This report has focused on the social costs of providing income maintenance. In addition to these costs and those associated with health and the other social services provided to work injury incapacitated persons (whether as temporarily incapacitated persons, pensioners or beneficiaries), and the costs associated with maintaining preventative agencies (determining hazards associated with industrial processes, chemicals and so on) and the costs of enforcing preventative legislation still other economic costs arise. These include, for example, costs associated with the discontinued participation of individuals in the labour force: from the lost value of 'arrested productivity' which accompanies wasted social investment in the development of work skills (Donzelot, 1981:25) and from the non-productive diversion of economic and social resources to those medical and legal professionals who have traditionally provided expensive services in this area (Cooney, 1984, Appendices 1 and 2).

The chance that secondary personal and social costs arising from injuries (eg. unforeseen complications or re-occurrences of old injuries) will be recognised, documented as employment injuries and costed as such is remote. Even if these were measured, their costing would require systematic redefinition of the nature and extent of employment related injuries.

23 See for example Rubenstein (1982); Watson (1985); Ison (1985b); Pearse (1985); Willis (1986); Layman (1987); Alcorso (1988), each of whom discuss aspects of the complex social, medico/legal and technical processes involved in recognising and compensating work-related injuries. Arguably, social stigmas tend to diminish the social legitimacy of certain injuries. A recent example of this is the scepticism which surrounds the class of non-traumatic diseases known as overuse injuries of which Tenosynovitis is an example (see Quinlan, 1988:194).

Discussion in this report has necessarily been restricted to aspects of work injury and yet there is a fine line between work injury and broader issues such as the impact of industry on physical and social environments, issues which translate into the general well-being of the community, and the protection of the social and physical environments from industry related environmental degradation (Rom, 1983: 865-924).

For injuries which do not have an obvious, direct or proven link with an occupation or with employment in a particular factory or industrial process, compensation is much harder to obtain, and the risk of incurring additional personal costs is correspondingly greater. Often it is only when public concern over a particular form of injury is sufficiently great, or the effects of an event are so serious that it is difficult to deny causality for example, that a compensatory response from the public sector, employers or insurers is precipitated. Current outrage over the unacceptably high incidence of asbestos-related diseases amongst ex-employees and residents near the blue asbestos mines operated by Midalco Pty. Ltd. (a wholly owned subsidiary of CSR Ltd.) at Wittenoom, Western Australia (see Work Hazards, 1988, 33:5) is an example. However the non-compensation of James Hardie and Co. employees at the white asbestos mine at Baryulgil in northern New South Wales (PIAC, 1984; McCulloch, 1988), and the social disaster following the toxic emissions at Union Carbide's plant in Bhopal, India, in 1984 (Work Hazards, 1985, 25:3) are two graphic examples of the difficulty of eliciting adequate compensatory responses, even when causality is established. The partial compensation of Agent Orange affected American and Australian Vietnam war veterans, and of women whose health has been affected by the Dalkon Shield contraceptive device, although of a slightly different nature, provide us with others. These, however, are just a few examples of the sorts of injuries where because compensation has not been universally available, social expenditures act as a form of replacement income for workers' compensation or other personal injuries compensation.

Even if all such expenditures could be identified and estimated, application of safety standards and prosecution of employers for breaching health and safety regulations is currently comparatively rare. A distinct double standard is evident in this area, for in practical terms the treatment negligent employers receive is often favourable when compared to other law-breakers (Tubbs, 1982:8-10; Cooney, 1984; Wettenhall, 1988).²⁴ More general social costs associated with environmental degradation and with negative effects of industrial processes on community health and well-being are even less likely to be recognised, given the fact that recognition of cause and statutory compensation, with few exceptions, is generally limited to employees rather than to the community as a whole. Compensation at common law is, of course, available in such instances, however, usual constraints of common law - establishing causality, negligence, and ultimate financial liability - restrict the efficacy of this remedy. Similarly the emphasis is once again restricted to compensation, with prevention and rehabilitation being very much secondary considerations in such instances.

Were sufficient economic resources devoted to epidemiological research, a great many more connections between the health of the community and industrial injury might be established. Because of the dearth of epidemiological research, however, community and personal cost aspects of injury, including the impact of industrial processes on community health are virtually unquantified. These and similar social dimensions of compensation are often overlooked in discussions of employment injury and workers' compensation, as is the broader issue of whether or not enough funds are diverted from the private sector and directed towards alleviating the social effects of employment-related injury (and by implication to the maintenance of appropriate community health standards).²⁵

3.4 The Social Division of the Costs of Injuries

Discussion of income maintenance after work injury involves several factors each of which, in turn, has implications for the allocation and sharing of costs between the public and private sectors. There are at least four major divisions of 'cost': employer, personal, and primary and secondary social costs. None is independent of the others. The effective personal cost burden ultimately reflects the degree to which costs are initially externalised by employers. In organisational terms, the degree of compensation received by an individual is a reflection of the

24 Failure to prosecute is often not so much associated with the fact that industrial health and safety regulatory bodies will not prosecute, but rather to their being largely under-resourced, and therefore incapable of meeting the dimensions of the task at hand (Cooney, 1984, Section 3.3.3).

25 At present over half (52.7%) of the Federal tax receipts consists of direct contribution from PAYE taxpayers. Revenues levied in the form of direct corporate taxes account for only 11.5% (Commonwealth of Australia, 1987:312). On this basis one can ask if greater contributions should not be sought from the corporate sector, in order to better meet these expenditures, to provide for better preventative mechanisms, and more income maintenance and rehabilitation.

degree to which personal costs are met by the Commonwealth or States, by compensation schemes themselves and by employers. Residual costs are indicative of personal loss and are personal costs.

Quantitative and qualitative data indicating that specific groups (e.g. women, migrants and Aborigines) are disadvantaged in the compensation process has been presented. This suggests that labour force status and sectoral participation (for example low or high status, formal or informal sector) of claimants is a major factor in determining access to compensation benefits. Department of Social Security data indicate that migrant employees are apparently over-represented among invalid pension recipients.²⁶ It was noted also that these are the same groups who, due to concentrations in high risk occupations and industries, typically have a statistically greater risk of injury. Access to compensation is very similar to the differential distribution of reward in the labour market and of occupational and fiscal welfare. Issues of ethnicity resurfaced, particularly with respect to common law/statutory compensation schemes, and were found to be closely associated with personal cost development and social welfare dependency.

When restricted access to compensation is considered in conjunction with models of labour market segmentation and differential reward, strong similarities emerge between access to workers' compensation, social welfare and the structuring of reward within the labour market. Persons in occupations with low labour market status are most likely to be in receipt of social welfare benefits. Persons without access to compensation or social welfare are more likely to incur higher personal costs as a result of employment-related injuries.

Provision of benefits within the compensation infrastructure reflects factors which determine reward in the labour market. Just as an association has been demonstrated between gender/ethnicity and wages/ employment conditions (Lever-Tracy, 1987:66-70), a similar association exists between gender/ethnicity and access to compensation in terms of both coverage and benefits paid.

Disabilities and diseases in the general community, which are not obviously related to industrial processes present additional problems and policy questions. For these injuries to be incorporated into compensation schemes (on the basis that they too, are diswelfares and equally compensable production-related disabilities and illnesses) a significant redefinition of injury causation, and of responsibility for injury would be required. It is inconceivable that this will occur in the near future. The public sector will presumably retain a significant degree of responsibility in this area for some time to come. The indeterminate and vague nature of these more general externalities (including those public health issues related to environmental factors) will continue to ensure that they remain outside personal injuries compensation systems (except perhaps in extreme cases such as Bhopal in India, or Sveso in Italy).²⁷

Only a portion of the full cost of providing for health effects of industrial processes is therefore allocated, via compensation, to employers. Even for those injuries which are directly and obviously related to employment, compensation is not a certainty. This is in part a product of a limited or truncated notion of injury. Providing universal comprehensive compensation in Australia would have to take factors such as these into account and use a more comprehensive definition of injury. Such a change is highly unlikely.

The links between the workers' compensation and social welfare systems supports suggestions that a fluctuating but essentially artificial distinction exists between privatised income maintenance (in this case compensation) and social welfare. Workers' compensation and social security income should perhaps, therefore, be seen as largely complementary labour market components rather than as separate or self-contained systems.

3.5 The Impact of Cost Socialisation on the Labour Market

In addition to the personal and social costs already mentioned still other expenditures are associated with the greater provision of public and community health services (Medicare and so on). In effect the Commonwealth is allocating social expenditures to these areas from taxation revenue, over 50 per cent of which is financed from the PAYE tax base, to alleviate some of the negative effects of work injury. Unfortunately, while it is alleviating some of the personal costs of employment injuries (through pension, benefit and welfare service provision) and in spite of

26 For further discussion on this point see Department of Social Security (1988c:117-118) and Whiteford (1991, forthcoming).

27 Issues such as these will be subject to much closer scrutiny than they have been in the past due to their enormous implications for the generation of public health-related social costs.

activities initiated through the Federal occupational health and safety agency (Worksafe Australia) the Commonwealth is also subsidising employers' injury-related on-costs. Those at greatest risk in unregulated sectors of the labour market are the same general groups whose employers receive the greatest effective subsidy

In essence it appears that persons employed in low status occupations and/or in the more marginal areas of the labour market are less likely than better-paid workers to receive wage-related workers' compensation in either the short or long term. They are also less likely to have access to non-wage employment benefits and other benefits of the social wage such as health and education services (Stewart, 1988). These inequalities are compounded by inequalities associated with gender, ethnicity and race.

Often it is only by the virtue of government intervention in the workplace, through regulation of employment practices, that workers in these areas have had the benefit of award wages and the attendant minimum benefits of the contract of employment, including mandatory coverage by workers' compensation insurance. Less regulated areas of employment generally attract individuals with few or no other options of employment - there may not be enough formal employment in a region, area or suburb, some women who have to care for children may have to work at home, or workers may not speak sufficient English and so on. Clothing out-workers, people working for undeclared income or agricultural itinerant workers are often cited as examples in this context. The situation is variable of course, but all too often, rights of employment are not enforced. Conditions of employment that many of us would take as a basic right are often provided completely at the discretion or whim of employers.

When we bear in mind firstly, that labour market factors determine whether workers' compensation is available or not to all workers on an equitable basis and, secondly, that social security benefits are not equally available in practice to all injured workers, it is clear that the financial effects of injury will inevitably be felt more by some persons than others, particularly low-income earners working in unregulated employment not covered by workers' compensation. Consequently, the costs of work injury are often borne by those who can least afford them, rather than employers, their insurers, and in some cases the social security system.

Still other aspects of the interaction of workers' compensation and the social security pensions and benefits system emerge when both are considered in the context of labour market stratification. It appears, for example, that people in low status occupations, particularly in informal and unregulated employment, often bear greater costs of injury, than those in the formal economy. Reasons for this include non-declaration of injuries for fear of jeopardising current and future employment prospects, or because these persons are more likely to be undercompensated (i.e. they receive relatively smaller settlements for comparable injuries) or receive no compensation at all. Consequently, social groups which are or have been concentrated in these areas (typically women, persons from non-English speaking backgrounds and especially migrant women) have a greater likelihood of being undercompensated. The fact that migrant workers are typically over-represented in both high risk and less regulated areas of the labour market i.e. occupations and industries providing less employee protection, is a compounding factor. In effect it is these groups which are statistically more likely to be injured, less likely to have alternative forms of employment-based welfare such as superannuation or personal insurance coverage, less likely to be fully compensated for work injury, and, if male, more likely to be invalid pensioners. Arguably they have the greatest chance of incurring personal cost burdens as the result of employment injury.

Conversely, it could be expected that the higher one's position or status in the labour market the better, statistically speaking, are one's chances of gaining compensation for a work-related injury, assuming of course that the injury is recognised as being the result of employment in the first place. Alternatively, income support might be from salary-based retirement and superannuation packages.

3.6 Who Benefits from the Social Wage?

In cases of undercompensation a proportion of the total cost of industrial injuries is transferred to the public sector (particularly to the social security system) and individuals. In other words, injury-related social and personal expenditures subsidise workers' compensation schemes. Clearly, it is not only pensioners and beneficiaries who benefit from social wage expenditures, but also employers. Examples of partial and non-compensation indicate that workers' compensation has only ever been available for some industrial injuries and, furthermore, that the incidence of personal cost development is probably greater amongst particular groups of workers.

Confusion about the scale of employment injuries contributes to misunderstanding about the role of social security as an alternative income source for injured employees. Lack of understanding of the diversity of relationships between the public and private sectors contributes to the perception that the public sector is separate from the labour market rather than complementary. When the cost of the socialisation function of social security expenditures is ignored, the substitution of market incomes by public sector pensions and benefits also tends to be obscured. Attention is diverted from the political and economic effects of public sector expenditures and their impact on the labour process.

Recognition of this dual and seemingly contradictory aspect of social security expenditures calls into question the view that social welfare expenditures are inherently compensatory, i.e. that the redistribution of economic resources necessarily reduces market inequalities and/or promotes social and economic equity. This view is particularly prominent in the fiscal incidence methodology which underpins much social welfare policy research. (See for example Harding, 1984 and Norris, 1985). However, as a case study, workers' compensation/social security integration demonstrates, that while those who receive pensions and benefits and/or utilise services are the direct beneficiaries, they are not the sole beneficiaries. Financial benefit from social security expenditures is not confined to the direct recipients of welfare. Fiscal incidence studies therefore neglect the fact that social expenditures subsidise the cost of material production. Moreover it is argued that social security expenditures have an intrinsic welfare function, i.e. they have a net benefit on personal well-being.

These utilitarian claims, while partly true, do not adequately reflect the loss in income encountered when individuals progress from workers' compensation to social security (i.e. that social security is not an adequate substitute for wage-related compensation or wages and salaries) after a work injury. Nor do they take into account (a) the greater difficulties in obtaining workers' compensation (or other forms of income related remuneration) that some sections of the labour force experience, (b) the consequent unequal distribution of undercompensation in the labour market, (c) the relatively low level of social security pensions and benefits and (d) the differential personal costs burdens generated as a consequence. Nor do such statements reflect the possibility that Department of Social Security income maintenance policies, in addition to their stated welfare role, might indirectly reinforce labour market inequalities (i.e. differential access to workers' compensation and occupational disability packages). Clearly, the possibility that unregulated and unsafe work practices might actually be reinforced through these cost-sharing arrangements is also ignored.

Do other social security expenditures which overlap the labour market have the same or a similar effect, i.e. reflect and reinforce the divisions of power in the labour market? The Family Allowance Supplement (FAS) in as much as it is a program which facilitates labour market participation or supplements workers' compensation payments is, possibly another example of such an effect produced by a benefit. By providing income assistance to those unable to obtain a living wage in the labour market it provides a market subsidy to employers who (for whatever reason) pay low wages and to compensation schemes which pay low benefits (DSS, 1986:15-22).²⁸ By apparently sanctioning low wages FAS, for example, may be promoting the development of greater inequalities within the labour market by eroding market incomes.²⁹ This could have diverse effects, not the least of which is the creation of an arrangement between employers and the state effectively subsidising low-wage employment. Such alternative functions of welfare expenditure indicate that categorisations of social welfare and the social wage as intrinsically or necessarily beneficial, oversimplify the role of social expenditures.

3.7 Implications for National Accounting Procedures

If the expenditures referred to in the previous section were categorised as an industry subsidy rather than as social wage or welfare expenditure, then social wage expenditures would decrease relative to total budgeted expenditures.

Other social welfare expenditures may also share these ambivalent qualities (i.e. both industry subsidy and welfare). A component of public health expenditures, some of which are devoted to employment injured invalid pensioners, for example, may also be in this category, raising further doubts about the overall method of accounting

28 Then known as Family Income Supplement (FIS).

29 The 'Speenhamland Act' of 1795 operated in the same way. Being a wage subsidy introduced at the onset of the industrial revolution it eroded market income (then largely determined by employers' desire to pay) to such an extent that it has been cited as the cause of the reduced productivity and social dislocation which laid the foundations for the draconian 1834 Poor Law Reform Act. See Polyani (1976) for discussion of the poor law in this context.

used in public expenditure models, and the proportion of PAYE taxes which are actually returned to PAYE taxpayers as legitimate social wage expenditures. It also questions the basis of the costings which have been used in the process of reforming compensation systems in the various States for, if inaccuracies such as these have been built in to the costing of State-administered reforms, the overall effect will be at very least an underestimation of the total cost of employment injuries: to employees, to employers and to the community.

Medical costs for the treatment of injuries which are not identified as work-related (including instances of later treatment for recurrent or delayed injuries) are further evidence of overlap and integration. Perhaps what is not so widely accepted, however, is the fact that certain other state agencies (for example occupational health and safety inspectorates and rehabilitation services) and their policies relating to occupational injuries might be better seen as extensions of the market rather than as separate (welfare) structures carrying similar implications for national accounting procedures.

When the potential sources of income for employment injured persons are listed it is apparent that there are fairly broad areas of overlap between workers' compensation and social security payments and that income maintenance in the context of work-related injury is perhaps best explained by a paradigm which recognises a 'mixed economy of welfare'. That is, one in which:

The mixed economy of welfare or plurality of social service provisions might be represented diagrammatically on a continuum stretching from the public sector, through private and voluntary provision to the informal sector...a continuum of formal services with two polar extremes: wholly public services, collectively organised and financed, on the one hand, and wholly privately run and funded services on the other. Although the debate about public and private welfare is often based on them, these two ideal types are, in practice relatively rare. (Walker, 1987:192)

Although this example refers to service organisations, it has considerable relevance to the compensation area. The two income support systems display a considerable degree of integration (even if it is largely informal) which in a functional context yields financial benefit to enterprises. This benefit operates in a manner similar to the financial transfers of occupational and fiscal welfare. Were better measures of the social and economic costs of work injury available the significance of the subsidy derived by employers from the social welfare system would be clearer. Cost-sharing also has implications for economic and public accounting models of resource allocation and models of social wage expenditure for if this subsidy were removed from budgeted welfare expenditures, then traditional welfare expenditures would decrease as a proportion of total federal budget expenditures.

Collectively these examples highlight the state's role as a facilitator of capital accumulation, for in effect state activity in this area has generally been 'sympathetic' to the reproduction of economic and social relations necessary for the maintenance and reproduction of capital, rather than the reduction of injuries, and the provision of adequate income maintenance, after injury.³⁰ The capability of state agencies to make ambivalent contributions of this type also demonstrates that a rational, logical, bureaucratic methodology does not automatically imply a 'best-possible' outcome for individuals, despite the fact that it is often expected to do so. The idea of a neutral state, i.e. as a mediator between capital and labour, becomes less than fully tenable. Anthony (1977) argued that in times of economic downturn the ability of the state to act as an independent arbiter between capital and labour further diminishes as the state directs more activity to capital accumulation than to social equality. This point is not without significance in the current economic climate.

3.8 Differential Access to Social Expenditures

Similar, apparently contradictory outcomes of social expenditure have been described elsewhere in social policy research, but in research on the social division of welfare particularly. Jamrozik, Hoey and Leeds (1981), for example, examined the distribution of occupational welfare in Australia during the early 1980s and demonstrated how benefits derived from occupational and fiscal welfare accrue to individuals and private enterprises.

30 Burawoy (1983 and 1985) discusses industrial relations aspects of this need to provide social wage benefits on the one hand and to facilitate capital accumulation on the other from the perspective of increased state intervention in and control over economic and social relations in corporate societies.

Occupational and fiscal welfare (including direct income in the form of wages and salaries and additional remuneration, indirect income from fringe benefits, and tax minimisation and tax avoidance) are lifestyle enhancing in the sense that they confer genuine advantages upon recipients by contributing to the level at which they are able to participate in social activities.

The social division of welfare approach points to the fact that the majority of the population are beneficiaries of welfare state expenditures of one form or another. This approach is in marked contrast to alternative, reductionist models which portray welfare as simply those benefits allocated to disadvantaged persons or social groups judged to be in specific need of income assistance or other basic services.³¹ The interaction of workers' compensation schemes and the social security system indicates that employers derive advantage from the social security system and further complicates the social division of welfare model outlined above.

The example of workers' compensation/social security interaction, by pointing to apparently ambiguous social outcomes from social expenditures, argues that it is not only social security clients who derive fairly direct benefit from social expenditures, but other sections of the community. For while social expenditures provide a social welfare function on the one hand they also act as an employer subsidy on the other. Ironically, in the case of work injury therefore, social security expenditures made in lieu of adequate workers' compensation actually subsidise employers (and by implication the industrial relations leading to work injury) in addition to providing income support for work injured clients.

In short, the benefits of fiscal and occupational welfare are generally reflected in enhanced social interaction (Harding, 1984:102-3, Le Grand and Winter, 1987:26). At the other extreme, dependency on social security pensions and benefits is closely associated with entrenched poverty (Sinfield, 1978:150). However, the effects of the lifestyle enhancing qualities associated with fiscal and occupational welfare are typically not available to socio-economic groups who are dependent upon social security expenditures as their major source of income.

The social division of welfare contributes to social inequality. Fiscal and occupational welfare, because they represent remuneration additional to wages and salaries in most cases, tend to raise recipients' levels of social participation rather than ensuring basic survival³² and in combination with other publicly provided goods and services have the capacity to further reinforce social inequalities (Jamrozik, Hoey, and Leeds, 1981:6). The answer to questions about who actually benefits from a particular form of social expenditure is therefore complex. As Jamrozik notes:

The answer to the question 'who benefits from the public expenditure?' thus depends, first, on what is, or is not, included under the rubric of 'expenditure', and, second, on the identification of the recipients or beneficiaries. Leaving the issue of employment-generating expenditure aside for a moment, the allocation of social expenditure alone suggests that the beneficiaries of that expenditure are not confined to the lower strata of the population; on the contrary, in certain kinds of expenditure they come from all economic strata, and often from the higher rather than the lower strata. (Jamrozik, 1987:60)

In social terms, one result of the social division of welfare is that the recipients of occupational and fiscal welfare do not tend to experience the social stigma often attached to the recipients of social welfare benefits (Sinfield, 1978:142). As Tussing observes, in combination, these three categories of welfare form the 'dual welfare system' of modern industrial economies, within which social security pensions and benefits are

31 Commonly labelled as a 'truncated' perspective the reductionist thesis argued that welfare is essentially residual - a form of public charity or benevolent social institution reserved for dependent classes of persons. Such a restricted view reinforces the social stigmas attached to welfare recipients and limits public perceptions of the social value of welfare institutions generally. More extreme versions of this truncated model go even further at times, representing social expenditures on health, housing, education, and income security as net drains on the viability of market economies.

32 These benefits are taken for granted to such a degree that proposals for their reduction, in spite of their unequal distribution, have been labelled as an incursion on civil liberties. (An example of individuals and groups moving to protect their welfare benefits, often considered as basic rights, was evident at the time of the attempted introduction of fringe benefits taxation legislation in Australia). This is despite the fact that the benefits, in dollar terms, which accrue to high income households through a combination of occupational, fiscal and social welfare, (including community services expenditures) may well be greater than those which accrue to pensioners and beneficiaries (Stewart, 1988).

...explicit, poorly funded, stigmatised and stigmatising, and directed at the poor. The other [occupational and fiscal welfare], practically unknown, is implicit, literally invisible, non-stigmatised, and non-stigmatising, and provides vast unacknowledged benefits to the non-poor. (Tussing, 1974:50 cited in Higgins, 1981:135)

In addition to the social division of occupational and fiscal welfare, access to Australian social welfare benefits, particularly to various community services, is also varied. Access is positively related to income and occupational status (Jamrozik, 1987:65-70; Stewart, 1988). Persons who progress from workers' compensation to social security dependency, in many instances have incomes just above the 'poverty line'. Social security payments, while at a level which ensures physical survival, do not permit recipients to engage in complex patterns of social participation or social functioning in which disposable income is important. High marginal tax rates or poverty traps associated with earned income often exacerbate the marginal social position of social security recipients.

Clearly, problematic access to workers' compensation is compounded by a social welfare income maintenance system which in certain instances actively reinforces rather than compensates differential access to labour market rights and occupational benefits. In instances where access to social benefits is not available, the development of personal costs is greater again. The interaction of both systems is therefore capable of engendering social residualism amongst work injured social welfare dependent persons.

3.9 Conclusions

Given that the effects of workers' compensation/social security interaction are so diverse, research should be undertaken to establish the actual cost dimensions and social effects of work-related injuries and it is to this point that the following concluding remarks are directed.

1. A full analysis of accident compensation, and in particular of the interaction of the social security and private insurance networks requires a specific framework based on the analysis of several factors, including non-recognition of injuries, non-compensation for injury, substitution by social security pensions and benefits, workers' compensation and the labour market, the role of private sector insurers, medical and legal intermediaries, to name a few. While State and Commonwealth enquiries have addressed many of these issues in considerable detail, the importance of the Commonwealth in this area has largely escaped attention.

Rather than using this sort of mixed Commonwealth/State public/private sector model, the agenda for the reform of workers' compensation has often been dominated by the immediate requirement to introduce economic efficiencies into workers' compensation schemes. Discussions have focused, therefore, on containing present and future liabilities. The employer lobby has pointed to the need to reduce the high costs of workers' compensation reflected in high workers' compensation premiums. While the difficulties that workers' compensation schemes have had in providing timely and adequate compensation and rehabilitation have attracted comment, improving service delivery has generally been subordinated to the restoration of economic efficiencies through (a) reducing overall injury levels, (b) capping injury-related expenditures and (c) restructuring industry classifications with the aim of reducing total premium levels. The dispersal of injury-related costs to private individuals and the social welfare system has consistently received the least attention. Many personal and social effects of work injuries therefore remain either unidentified and/or understudied.

2. Access to public and private sector income maintenance for work injuries displays many elements in common with patterns of access to other forms of reward in the labour market. Poor access increases the likelihood that individuals will incur personal costs. Access is associated with occupational and social stratification and is therefore similar to the class-related patterns of access to social, fiscal and occupational welfare known as the social division of welfare.
3. Some expenditures within the health services and income support sectors of the social welfare infrastructure are better typified as being another component of productive relations rather than as separate 'social wage' expenditures. As such, to distinguish between social welfare and other state apparatuses which have an

industrial relations function, on the basis that one is compensatory, another regulatory and so on, understates the combined role of state agencies in contributing to the maintenance and reproduction of capital and neglects their ambiguous nature.

This suggests that there is a need to adopt more pragmatic public accounting models which include state welfare expenditures, or part thereof, in descriptions of budgetary allocations to the market sector and industrial relations regulation and administration. This would provide a more accurate representation of the outcome of some social expenditures, and possibly produce more socially relevant policy responses, both within the welfare sector and in industry development.

4. The main source of funding for workers' compensation schemes, being a mandatory levy on all employers, has contributed to perceptions, firstly, that it is an entirely separate institution from public sector welfare, and, secondly, that employers bear the costs of these injuries. In this sense compensation schemes share characteristics in common with occupational and fiscal welfare in that they too are generally not regarded as welfare state benefits. Contrary to these perceptions similarities between the two systems and their definite financial links enhance the status of compensation as an institution mediating social welfare and occupational welfare, rather than as a separate, privately funded welfare institution.

In fact the close association of employment injuries with social welfare effectively converts some employer costs into social expenditures. Workers' compensation/social security interaction is an example of those processes whereby social expenditures mitigate diswelfares through intervention in the market and by doing so simultaneously subsidise the private sector. The implications of this are several: it implies that other areas of social policy, particularly areas of social policy connected with what Offe (1984) refers to as 'compensatory functions', may also be directly connected with the processes of capital investment and capital accumulation i.e. as production subsidies. As such, their status is also ambiguous. As well, it is possible that access to these benefits and services, despite being nominally universal, may also occur on a market determined, stratified basis rather than according to principles of universal and equal access.

5. As recent changes in Victoria, New South Wales, and South Australia exemplify, emphasis on cost-saving through timely treatment, rehabilitation and immediate access to income support is deemed critical to the viability of modern compensation schemes. However, reforms have also been directed at ensuring the financial viability and integrity of individual schemes, providing adequate compensation, and reducing the incidence of long-term injury-related dependency on these schemes. This suggests that the financial efficiency of State schemes may be improved through greater externalisation of cost to the Commonwealth and private households. Given that the complex relationship between work injury and social security dependency is largely unmeasured at present, it would be advantageous to undertake such costings in order to establish a benchmark to compare the effects of recent and future changes to State compensation systems.
6. Recent initiatives undertaken by the Department of Social Security have been designed to contain cost-shifting from the States to the Commonwealth. There appears to be little that the Department can do in respect of individual States which either provide low maximum benefit levels (increasing the likelihood that people will apply for Commonwealth benefits upon expiry of compensation payments) or who do not cover certain injuries in their schemes. The net cost-saving effect of these Commonwealth initiatives may therefore be dubious, serving only to increase personal costs by making access to social welfare more difficult.

Differential access to the Invalid Pension on the basis of gender (reflected in Tables 2.6, 2.7 and 2.8) is clearly symptomatic of an income support system which is structurally biased against second earners. This suggests at the very least that in the event that full wage replacement is not provided, alternative benefits may be necessary to compensate spouses rendered dependent from work injury for their lack of access to social benefits.

7. The data presented in this report only allude to the complex relationship of social welfare and workers' compensation schemes. Before a full social division of costs could be presented in detail, better data are required.

Analysis of the sorts of costs involved in income maintenance for work injury may be applicable to other areas of disability. Congenital and developmental handicap, for example, are less easily quantified in terms of relative measures such as wage loss, pain and suffering and the like, and justification for the size of benefits in these areas, as with a variety of non-employment related disabilities, is currently only possible on the basis of 'social right' arguments rather than on a base-level proposition such as wage replacement or compensation for financial loss (Baldwin, 1985). Conversely, analyses in these related areas of disability, detail personal costs and losses and can aid in the quantification of personal costs experienced by work injured handicapped persons.

8. The interaction of workers' compensation and social security can have different effects on males, females, people from non-English speaking backgrounds and injured married persons whose spouses's income effectively excludes them from access to social security pensions or benefits. It would be advantageous if, taking the changing nature of the relationship between social security income maintenance and superannuation into account, the Commonwealth undertook to create some projections of possible future interaction between work-related injury, compensation, social security pensions and benefits and superannuation schemes, particularly of the likely personal cost-effects that these combined changes have on low income households, women, and dependent spouses. Furthermore, the implications of social security dependence should be examined within the context of the development of occupational superannuation in Australia and the fact that early retirement through employment injury may seriously impact on individuals' retirement incomes. Employers' liabilities in this context should also be examined. Should employers, or compensation schemes, for example, be required to contribute to the superannuation schemes of injured workers until normal retirement age?

Studies of this type might facilitate discussion on the need to seek extra contributions from employers for employment injury-related social security expenditures. As well, some of the implications of introducing national uniformity into workers' compensation schemes, or of integrating the social security system more closely with workers' compensation structures, possibly on a national basis, might emerge from such a study. The merits of a federal levy, imposed on employers and used to fund active and comprehensive health promotion policies oriented to work-based Occupational Health and Safety (OH&S) intervention and the resourcing of OH&S committees and representatives, should be examined as a matter of priority. Alternatives through which such a scheme might be constructed (for example, the proportion of contributions to be levied directly from employers as a percentage of payroll) should also be examined, along with the potential to integrate such a scheme with existing occupational health and safety structures.

APPENDIX 2.1:

SOURCE OF INCOME BY NUMBER OF YEARS SINCE ACCIDENT OCCURRED

**Work Accident Cases Only
(‘000 Persons)**

Source of Income	Years Since Accident											
	Less Than 1 Year			1-4 Years			5 Years of More			Total		
	Male	Female	Persons	Male	Female	Persons	Male	Female	Persons	Male	Female	Persons
None	*	*	*	*	*	*	*	*	*	*	*	*
Wages and salaries	*	*	3.8	9.6	*	11.7	12.8	*	15.0	24.6	5.9	30.5
Self employment	*	*	*	*	*	*	*	*	*	4.6	*	5.7
Unemployment benefits	*	*	*	*	*	*	*	*	*	*	*	*
Superannuation	*	*	*	*	*	*	*	*	*	*	*	*
Workers compensation	*	*	*	4.3	*	4.9	3.0	*	3.4	9.0	*	10.6
Interest, rent, dividends	*	*	*	*	*	*	7.5	*	9.0	9.2	*	11.6
Invalid pension	*	*	*	*	*	3.0	11.2	*	12.5	14.1	*	15.8
Handicapped child's allowance	*	*	*	*	*	*	*	*	*	*	*	*
Family allowances	*	*	*	4.5	*	5.2	5.4	*	5.8	10.9	*	12.4
Age/widow/repatriation pension	*	*	*	*	*	*	10.6	*	13.2	13.4	3.1	16.5
Other income	*	*	*	*	*	*	*	*	*	*	*	*
Aged 0-14 and parent not available	*	*	*	*	*	*	*	*	*	*	*	*
No income level or source stated	*	*	*	*	*	*	*	*	*	*	*	*
TOTAL	3.2	*	4.7	17.9	3.7	21.7	34.8	5.8	40.6	56.0	11.0	67.0

* Data suppressed due to high relative standard error.

Source: ABS (1982), Handicapped Persons, Australia, 1981, Cat. No. 4343.0, unpublished data.

APPENDIX 2.2:

SOURCE OF INCOME BY NUMBER OF YEARS SINCE ACCIDENT OCCURRED BY SEX

('000)

Source of Income (Persons)	Years Since Accident						Total		
	Less than 5 years			5 years or more					
	Male	Female	Persons	Male	Female	Persons	Male	Female	Persons
None	*	*	*	*	*	*	*	*	*
Wages and salaries	11.9	3.6	15.5	12.8	*	15.0	24.6	5.9	30.5
Self employment	*	*	*	*	*	*	4.6	*	5.7
Unemployment benefits	*	*	*	*	*	*	*	*	*
Superannuation	*	*	*	*	*	*	*	*	*
Workers Compensation	5.9	*	7.2	3.0	*	3.4	9.0	*	10.6
Interest, rent, dividends	*	*	*	7.5	*	9.0	9.2	*	11.6
Invalid pension	*	*	3.3	11.2	*	12.5	14.1	*	15.8
Handicapped child's allowance	*	*	*	*	*	*	*	*	*
Family allowance	5.5	*	6.6	5.4	*	5.8	10.9	*	12.4
Age/widow/repatriation pension	*	*	3.3	10.6	*	13.2	13.4	3.1	16.5
Other income	*	*	*	*	*	*	*	*	*
Aged 0-14 and parent not available	*	*	*	*	*	*	*	*	*
No income level or source stated	*	*	*	*	*	*	*	*	*
TOTAL	21.1	5.2	26.4	34.8	5.8	40.6	56.0	11.0	6.70

* Data suppressed due to high relative standard error.

Source: ABS (1982), Handicapped Persons, Australia, 1981, Cat. No. 4343.0, unpublished data.

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