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Understanding Business Drivers in RTW

A Case Study

Agenda

- Understanding the Health Benefits of Good Work
- Today's business environment
- What drives a business in RTW?
 - Behavioural drivers
 - Financial drivers
 - LTIFR
- Further employee considerations
- Wellbeing surveys – case study
- Case Study – The true cost of absenteeism
- Incentivising the discussion – how do you get the same imperatives to perform within your product life cycle?
- Words of caution

Understanding the HBGW

- Dame Carol Black proved beyond reasonable doubt that work is actually good for us!
 - Improves physical and mental health
 - Reduces impacts of drug and alcohol addiction
 - Has far reaching societal implications
 - Has far reaching intergenerational implication
- HBGW however is NOT
 - A wellbeing programme
 - A return to work or rehabilitation programme
- HBGW IS an holistic approach to work, cultural shift, organisational mindset, societal mindset.

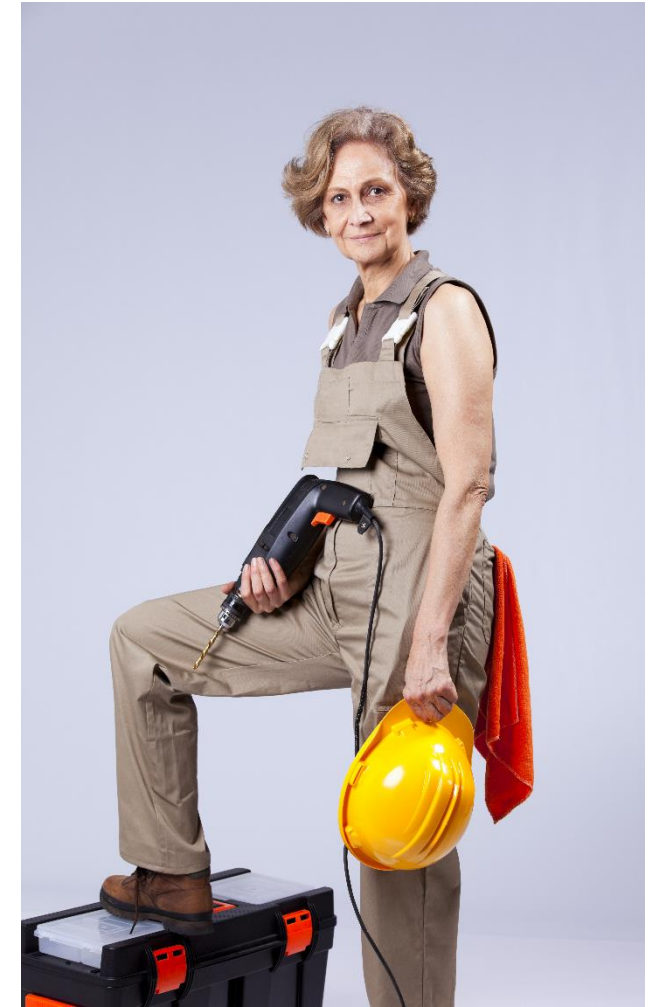
The Business Perspective

- What concerns do business have with this?
 - Increasingly blurred lines of what the employer is “responsible” for.
 - Fear of increased liabilities.
 - Cost of implementation and maintenance.
 - Impact on productivity and other business drivers.
 - Aging workforce.
 - Privacy issues.
- Driving business today..
 - Increased taxation and superannuation liabilities.
 - Increased corporate social responsibility expectations.
 - Ratios: EBIT, EBITDA, ROA, ROS, ROE, Gross & Nett Profit, Shareholder expectations.
 - Legislative compliance – Corporate, Personal Injury, Governance, Privacy, Diversity, Anti-discrimination.



The conversation is changing.....

- Towers Watson Global Resourcing Heatmap identified that by 2020 Australia will have a 0.5% shortfall in available workforce. Increased competition for quality resources.
- Skills shortages are impacting business. More traditional work is less attractive to younger workers
- Increase in retirement age to increase workforce however work needs to be available for 70 year olds to do!
- Societal dynamics mean the current workforce is less mobile, so less likely to move to areas where work is available, creating shortages.
- As obesity rates increase, general health indices decrease, employers understand that the best employees they have are the one's they have now.



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What drives business performance in RTW?

- Mostly driven by the workplace injury sector
 - Legislative compliance – enforcement around provision of suitable work.
 - Cost of insurance premiums – starting to see this biting in the private injury/health space.
 - Business reporting – what gets measured, gets managed.
 - LTIFR/TRIFR
 - Legislative change



Employee considerations

- Maintenance of lifestyle – health and income,
- Lack of financial awareness, understanding and planning,
- Lack of pre-event planning,
- Mental health as a secondary condition
- Unfortunately not all of us are lucky enough to love the work we do every day!!!
- Legislative requirement often drives compliance.

Things that make you go, hmm.....

Employee Benefits	Insurance	Social Welfare
Sick Leave	Health Insurance	Medicare
Annual Leave	Workers' Compensation	Centrelink Payments
Long Service Leave	Income Protection	National Disability Ins. Scheme
Leave without Pay	Life Insurance	
	Total & Permanent Disability	



Wellbeing Surveys – A Case Study

- Large national employer wellbeing survey
 - 60% of staff surveyed have a chronic health condition
 - 10% of those surveyed are at risk of within the next 10 years.
 - 80% of staff surveyed did not know what the balance of their superannuation account.
 - 100% of staff had not considered any event other than retirement or redundancy being a cause of cessation of work in the future, despite their current health situation.
 - 25% of staff over 55 intended to retire within the next 12 months to 2 years but had not discussed a transition plan with their employer nor consulted a financial planner

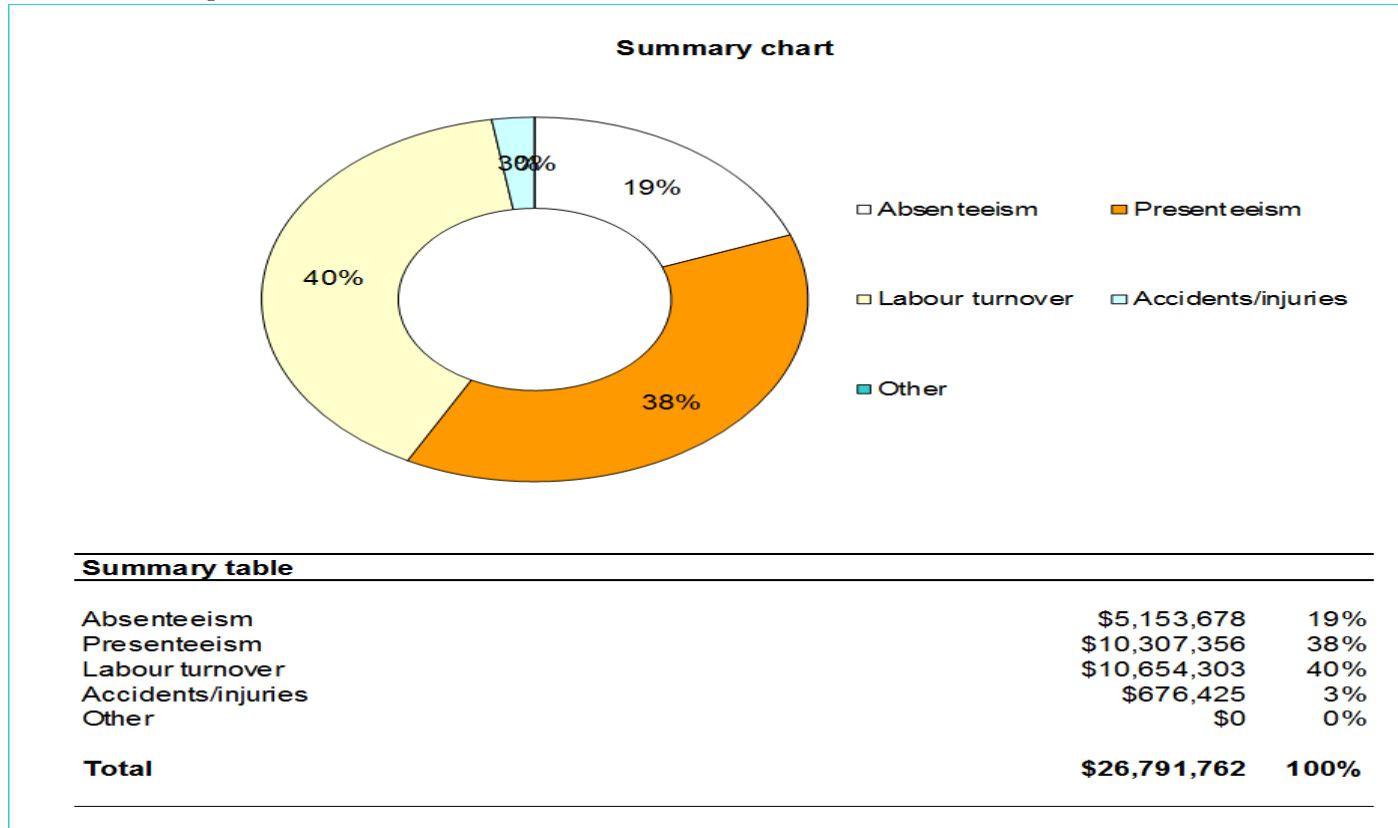


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Case Study – An Australian Example

- Large Australian Not for Profit Organisation
 - Homelessness
 - Addiction Across Australia,
 - Domestic violence
 - Emergency relief and family support
 - Family Tracing
 - Employment Services
 - Court and prison services
 - Aged care
 - Disability programs,
 - Asylum seekers support

Case Study – Current Cost of Absenteeism



These costs represent 6.5 times that of the costs of workers' compensation premium costs for the same year, however there has been no formalised plan in place to address this risk and reduce these costs.

Making a Difference

- | | |
|---|---|
| <ul style="list-style-type: none">• Assumed payroll increases at 3% every year | <ul style="list-style-type: none">• Target reduction from 12 days to an average 6 days per annum presenteeism per person over 6 years |
| <ul style="list-style-type: none">• claims reduced by 15 claims per year | <ul style="list-style-type: none">• Target 1% turnover less each year |
| <ul style="list-style-type: none">• Target reduction from 6 days to an average 2 days sick leave per person per annum over 6 years. | <ul style="list-style-type: none">• The cost of a total intervention programme, including wellbeing and an employee care model would average \$1 million per annum. |

- The cumulative savings over the six years is just under \$42 million when costs are deducted and savings are discounted to net present value.
- For every dollar spent by the organisation to address this issue \$6, will be saved.
- It will take less than one year to recover the establishment costs and year one fees.

Making a difference

- Significant education programme being undertaken within the business with leaders and Line Managers.
- Focussed programmes to assist mature workers.
- WHS workplace redesign programme underway.
- Retraining of injury management staff
- Education programme for employees about the health benefits of good work.
- New metrics and measures being developed across the business to measure performance improvements.

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Incentivising the outcomes

- Can your industry help employers separate the issues of care from liability?
 - Cross jurisdictional approaches
 - Protection from workplace aggravations
 - Risk management investments to help structure programmes and monitor outcomes
 - Create key metrics and measures that reward good performance.

A few words of caution

- Don't rush to replicate the workers' compensation environment.
- Don't underestimate the influence of the Union movement in this environment.
- Be sure your actions protect the right of individuals as much as save you and your customers costs.

