

# THE CHANGING LANDSCAPE OF WORKPLACE HEALTH AND WELLBEING.



Getting your organisation prepared.



WORKPLACE HEALTH SOLUTIONS

## Produced by Healthy Business

Healthy Business is an Australian based company designing and delivering effective workplace and community health and wellbeing solutions across Australia, New Zealand, and Papua New Guinea.

We've had over 18 years' experience delivering results to a diverse range of organisations - from small to large scale, government to the private sector, white collar to blue collar, urban or remote.

Our expert team are passionately committed to achieving outcomes that make a difference to the lives of individuals and organisations alike.

*We believe that everyone deserves to live a happy and healthy life, and that with the right support, everyone can make impactful and lasting changes to their physical and mental health and wellbeing.*

To learn more about Healthy Business, visit our website:

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WORKPLACE HEALTH SOLUTIONS



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# EXECUTIVE SUMMARY

Traditionally, health and wellbeing in the workplace has been seen as a 'nice to have' or has predominately been addressed in a reactive way. This is changing.

The evidence is in, and clear, that investing in the health and wellbeing of your employees is good for them, and for business. People with better health spend more time at work and are more productive when they are there.

At Healthy Business, we always ask employers what they are currently doing to address the health and wellbeing of their workforce. We often hear examples such as gym memberships and healthy snack options in the workplace. I have nothing against fruit or gyms, but simply introducing a bowl of fruit into the workplace, or offering discounted gym memberships, doesn't cut it.

Health and wellbeing needs to be addressed strategically. What are the risks of the work environment? What can we do to eliminate or reduce these risks? How do we support our staff to cope with these risks and thrive in this environment? When someone does become unwell, how do we get them the right support straight away? The fruit and cheap gym membership could well be part of the solution, but in isolation, they will have little effect.

*It is also important for Australian employers to know that there are some significant changes coming in health and wellbeing.*

For a long time within the industry, we've all known that the 'health' in Work Health and Safety Laws hasn't really been the focus. Health, in this context, has been mainly associated with adverse physical health effects due to poor safety. The lack of focus on holistic health has proven to be costly. This is particularly the case in respect to mental health. In November 2020, the Australian Government's Productivity Commission estimated that individuals with mental ill-health average up to 12 days more of absenteeism per year and up to 18 days of reduced productivity, costing workplaces an estimated AU \$17 billion every year (not including workers compensation claims).

To address the rising costs to workplaces and worsening health outcomes, in May 2021 Federal, State and Territory Ministers who are responsible for work health and safety met and voted to amend the model Work Health and Safety Regulations. The amendments, once passed, will see the inclusion of specific provisions on psychosocial risks in the Regulations.

Regulation on psychosocial hazards will place a positive obligation on employers to minimise and eliminate hazards to mental health from the workplace – just as they are required to in relation to physical hazards.

This does not mean that every employer needs to become a psychologist. What it means is employers need to treat these risks the same way they treat physical hazards: identify, assess, control and then consistently review the hazards and controls. In general terms, this means employers need to consider aspects of the work environment, such as design and management of work that increases the risk of poor mental and physical health.

*Health and wellbeing has well and truly moved from a 'nice to have', to a 'need to have'.*

Investing in health and wellbeing has been consistently demonstrated to reduce absenteeism and workers compensation claims, as well as increase employee productivity, engagement, retention of staff, employee relations and corporate image. And in the not-too distant future employers will be obligated to minimise and eliminate both physical and mental health hazards from the workplace.

***When employers and their staff invest in better health and wellbeing, everyone wins.***



**Steve McCullagh**

Chief Executive Officer  
Healthy Business

# WHY ADDRESSING HEALTH AND WELLBEING IN THE WORKPLACE MAKES SENSE





## Australian's are not enjoying the best of health

Looking at the Australian health statistics, it's safe to say that there is significant room for improvement when it comes to our health and wellbeing. While advances in science and medical technology, and access to healthcare mean that we are living longer, we are not necessarily living our best lives.

According to the Australian Bureau of Statistics (ABS), **in 2017-18 almost half of Australians had one or more common chronic conditions**, including: cancer, cardiovascular diseases, arthritis, asthma, diabetes, kidney disease and mental health conditions<sup>1</sup>. Many chronic conditions are preventable with the right lifestyle choices.

It's not surprising that we are experiencing these high levels of ill-health, when you consider that in the same time period, the ABS also found that:

- Two thirds of adults were overweight or obese.
- One in two adults didn't meet the recommended physical activity guidelines.
- One in six consumed more than two standard drinks per day on average, exceeding the lifetime risk guideline.
- Only one in twenty adults met both the fruit and the vegetable intake recommendations.

### Prevalence of modifiable risk factors in Australian adults:



Overweight or obese



Smoking



Alcohol consumption >2 standard drinks per day



Inadequate fruit and vegetable intake



Inadequate physical activity



High blood pressure

*As a business leader, you may be wondering why this is your problem.  
Well, it's simple really...*

# Poor health is costly for businesses

*Unhealthy people get sick more often, meaning they take more time off work, are less productive when they are there, and are at a much higher risk of accident or injury, leading to serious compensation claims.*



**114,435**

Total number of serious claims



**6.0 weeks**

Median time lost per serious claim



**\$11,700**

Median compensation paid per serious claim



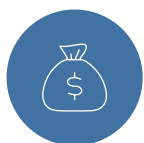
**8.8 days**

Average unscheduled absences per year per employee



**\$578**

Average cost per employee per absent day



**\$44 billion**

Estimated annual cost to the economy from absenteeism

A study by Medibank Private revealed that **those with poor health are far more likely to be absent from work**, averaging 18 days compared with 2 for those with good health<sup>2</sup>. A large survey by the Australian Industry Group found that absenteeism carries an average daily cost of \$578 per employee, per absent day. This can quickly add up if your team are in poor health! Not to mention the indirect costs such as lost productivity<sup>3</sup>.

Enter some specifics of your company here to find out what absenteeism is costing you:

[www.healthybusiness.net.au/absenteeism-calculator](http://www.healthybusiness.net.au/absenteeism-calculator)

On top of this, SafeWork Australia's serious claims statistics reveal a total of 114,435 serious claims were made in 2018-19. Each of these claims resulted in an average six weeks of lost time and a cost of \$11,700<sup>4</sup>.

And this is all before we even bring a global pandemic into play...



## COVID-19 has exacerbated pre-existing mental health challenges

The global COVID-19 pandemic has had, and continues to have, a huge impact on the mental health of the Australian workforce. The stress of uncertainty, ongoing lockdowns, isolation, and the financial pressure from job and income losses have all taken a toll. Even prior to the pandemic, according to the ABS<sup>1</sup>, one in five Australian workers were experiencing a mental health condition.

This is having a significant impact on both the individuals and their employers. This was evident in a report that was handed down by the Australian Government's Productivity Commission in November 2020, which estimated that **individuals with mental ill-health average up to 12 days more of absenteeism per year and up to 18 days of reduced productivity, costing workplaces an estimated AU \$17 billion every year**

(not including workers compensation claims)<sup>5</sup>.



## Employee priorities are changing

A recent study conducted by Atlassian and PwC Australia has revealed that **employees are now taking a stand to put their mental health and wellbeing first**, with over a third of respondents reporting that they now expect their employer to provide mental health support. 69% said that they would turn down a promotion to preserve their mental health, and more than half (55%) said that they now consider mental health and wellbeing to be more important than ever before<sup>6</sup>.

This shift in mindset is just another reason why it's now more important than ever for business leaders to take action to address the wellbeing of their employees, especially if you want to continue to recruit and retain good workers.

***People with better health spend more time at work and are more productive when they are there.***

According to Medibank Private, **healthy Australian employees are almost three times more productive and more effective** than their unhealthy colleagues, achieving 143 effective full-time hours per month compared with only 49 hours<sup>2</sup>.

Investing in the health and wellbeing of your employees makes sense for your business.

*Looking after the health and wellbeing of the workplace is good for your people and your business.*



## Workplace health is no longer just a ‘nice to have’

The Health & Productivity Institute of Australia (HAPIA) has documented strong evidence on the effectiveness of running health and wellbeing programs in the workplace, outlining a magnitude of benefits for both the employee and the companies that employ them.

Most notably, a large meta-evaluation revealed that effective workplace health and wellbeing programs result in an average:



**25.3%** decrease in sick leave absenteeism,



**40.7%** decrease in workers compensation costs,



**24.2%** decrease in disability management costs, and



a return of **\$5.81** for every dollar invested.<sup>7</sup>

Another study by PwC and Beyond Blue, relating specifically to mental health initiatives, found that there was an average return of \$2.30 for every dollar invested. This was due to the reduction in poor mental health related absenteeism, presenteeism and workers compensation claims<sup>8</sup>.

Therefore, the question should be,

*“how can I afford for their health NOT to be my problem?”*

# The benefits are ‘win win’

## For employers:

In addition to lower rates of absenteeism and compensation claims, HAPIA lists a host of other benefits for providing your employees with health and wellbeing programs, including:



**increased employee productivity, engagement, creativity and morale,**



**reduced presenteeism,**



**better attraction and retention of staff, and**



**improved employee relations and corporate image.**

## For employees:

It's not just the business reaping the rewards, your employees will equally be rewarded. By participating in the program, they can expect things like:



**improved health awareness and knowledge,**



**improved physical and mental wellbeing and resilience,**



**increased energy and vitality,**



**increased work enjoyment, and fulfillment,**



**improved concentration and productivity, and**



**improved team relationships.<sup>9</sup>**

## Workplace health programs are effective in driving better health

*“Through workplace environments, it is possible to influence the health behaviours of large proportions of the population and to conduct repeated multilevel interventions to influence health behaviours”*

(World Health Organisation, 2008).

The World Health Organisation (WHO) has identified the workplace environment as priority setting for health promotion in the global fight against noncommunicable diseases<sup>10</sup>. Workplaces are an ideal setting because:

- they offer ease of access to a large number of people;
- existing infrastructures are in place for communication and support; and
- there is the opportunity to tailor interventions to the needs of certain groups, such as shift workers.

**Given that we spend about a third of our lives at work, and over 13 million Australian’s are currently in the workforce<sup>11</sup>, it makes sense to intervene in this space.**

## A healthy worker, is a safe worker

The Work Health and Safety Act 2011 outlines that a person conducting a business or undertaking (PCBU) has a primary duty to ensure the physical and psychological health and safety of its workers, so far as reasonably practicable<sup>12</sup>.

While the legislated position in Australian workplaces has traditionally emphasised the ‘health and safety’ of workers, rather than ‘health and wellbeing’, many employers are now realising that they are one in the same, in that, a healthy worker is a safe worker.




### Healthy workers are:

- ✓ more productive and more engaged in their work,
- ✓ less likely to suffer illness and take sick leave, and
- ✓ less likely to suffer manual handling injuries.

# UPCOMING CHANGES YOU NEED TO BE AWARE OF





*“Health and wellbeing has well and truly moved from a ‘nice to have’, to a ‘need to have’.”*

## WHS Laws: the ‘H’ is following the path of the ‘S’

Safety is now an ingrained part of all businesses, but this was not always the case. Originally it was only prioritised by proactive workplaces or employers with altruistic principals. Unfortunately, this was not effective enough and safety only became an ingrained part of business with regulation.

**Now, Australian Federal, State and Territory Ministers are turning their heads towards the neglected ‘health’ component of WHS.**

Workplace health and wellbeing has been largely viewed by employers as a ‘nice to have’. However, this is starting to shift with governments and peak bodies progressively issuing guidance and recommendations of best practice for health and wellbeing in the workplace. More recently benchmarking has been occurring, which is the same journey that safety took before progressing to minimum standards and regulated requirements.



# Psychosocial risks will soon be regulated

In 2018 an independent review of the model WHS laws, undertaken by Marie Boland, noted that there was a consistent view that psychological health is neglected in the laws. The final report contained 34 recommendations including to “*Amend the model WHS Regulations to deal with how to identify the psychosocial risks associated with psychological injury and the appropriate control measures to manage those risks*” (Boland 2018)<sup>13</sup>.

In May 2021, Federal, State and Territory Ministers voted to amend the model Work Health and Safety Regulations to deal with psychological health<sup>14</sup>.

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*Once passed, the regulations on psychosocial hazards will place a positive obligation on employers to minimise and eliminate hazards to mental health from the workplace – just as they are required to in relation to physical hazards.*

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## What are Psychosocial hazards and risks?

Psychosocial hazards in the workplace are aspects of work and situations that may cause a stress response, which in turn can lead to psychological or physical harm. These will vary for every workplace; however, some common psychosocial hazards include:

- high or low job demand,
- poor support from managers, supervisors and/or colleagues,
- conflict or poor workplace relationships,
- exposure to traumatic events,
- bullying, harassment, and violence,
- low job control
- exposure to poor quality or hazardous working environments, and
- remote or isolated work.



*Under work health and safety laws, PCBUs have a duty to protect workers from psychological risks as well as physical risks.*

## Get the jump on your obligations

Following the vote to amend the model Work Health and Safety Regulations, we will see additional regulations around psychosocial risk coming in the not-too-distant future.

In May 2021, SafeWork NSW became the first state to introduce an industry-wide Code of Practice on Managing Psychosocial Hazards at Work<sup>15</sup>. The code sets out what businesses should do, in line with their legal responsibilities, to address hazards in the workplace that have the potential to cause psychological or physical harm. A number of other jurisdictions are also finalising similar Codes of Practice or Regulations in relation to psychological health.

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**If you are an employer, now is the time to get ahead of this, establishing systems and a culture around both physical and psychological health, prior to being required to catch up and comply with regulated requirements.**

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# **GETTING PREPARED: HOW TO MANAGE WORKPLACE HEALTH AND WELLBEING**



## Four steps for managing ANY risk (physical or psychological)

Both SafeWork Australia and SafeWork NSW suggest the same four step process that is used for managing physical risks in the workplace, should be applied to psychological risks as well.<sup>15 17</sup>

The four steps are:



### 1. Identify hazards

This involves identifying the aspects of work and situations that could potentially cause harm to people and why these may be occurring.

This can be done by observing and talking to workers about work activities, and systematically collecting and reviewing available information and data, such as:

- workforce or culture surveys,
- absenteeism, turnover, sick leave data and workers' compensation claims,
- incidents reports,
- complaints and investigations into alleged harmful workplace behaviours,
- analysis of work tasks, schedules, and locations, and
- WHS and human resources systems, policies, and procedures.

### 2. Assess and prioritise the hazards and risks

Once you have identified what your hazards are, the next step is to conduct a risk assessment to understand what could happen if someone is exposed to the hazard, how serious the harm could be, and the likelihood of it happening. It will also help to determine:

- how severe a risk is,
- who is most affected by it,
- what controls are currently being used, how effective they are,
- what controls could be used to reduce the risk(s) to the lowest practical level, and
- the priority for action.

This step may not be necessary if you are dealing with a known risk and controls.

### 3. Control hazards and risks

Under WHS laws, hazards in the workplace must be eliminated so far as is reasonably practicable, or if that is not possible, the risks must be minimised so far as is reasonably practicable. In SafeWork Australia's Model Code of Practice: *How to manage work health and safety risks*, it states that when deciding how to control risks, as a PCBU, **"you must consult your workers and their representatives who will be directly affected by this decision"**<sup>16</sup>. Their experience and involvement will help you decide of the most appropriate control, while also increasing the level of acceptance of any changes that may be required.

### 4. Review control measures

Finally, you must regularly monitor, maintain, and review any control measures that have been implemented to ensure their ongoing effectiveness. Some controls may not always remain suitable, sufficient, and effective over time.

SafeWork Australia advises that reviews should occur:

- anytime a new hazard or risk is identified,
- if a control measure is not effectively minimising the risk,
- before significant organisational or workplace changes occur,
- where consultation indicates a review is necessary, or
- if a review is requested by a Health and Safety representative.<sup>16 17</sup>



## Build on your current OH&S policies and procedures.

*In the not-too-distant future, it will be the requirement of every Australian workplace to **identify, assess, control and review** control measures for both physical and psychosocial risks, in order to meet their obligations under WHS laws.*

It is highly recommended that you integrate psychosocial safety within your organisation's existing safety structures. Your current OH&S policies and procedures mean the concepts of safety and risk are familiar, and these procedures are already imbedded within present work practices and accountabilities.

Importantly, remember that **IT'S A JOURNEY**. Your organisation does not have to suddenly become the gold standard overnight. However, you do need to be able to demonstrate (and of course, follow through) that you are working to identify, assess, review, and control your risk factors.







***Combining health, safety and wellbeing.***

*"It is highly recommended that you integrate psychosocial safety within your organisation's existing safety structures."*



*Improving individual health and wellbeing through engagement, education, support, and empowerment.*

# BETTER HEALTH AND WELLBEING WITH HEALTHY BUSINESS



With the up-and-coming changes to the WHS regulations, it is common for employers to be feeling overwhelmed. At Healthy Business, we have the experience and expertise to help you navigate the changing landscape of workplace health and wellbeing. We can help you identify and understand the issues within your organisation, what control measures you need to put in place, and how to do it.

**We work with you to find a solution that best fits your organisation's needs – from prevention through to responsive intervention should people become unwell.**

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**Get in touch with Healthy Business today if you would like to discuss  
your workplace and its unique needs**

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