



Let's drive right!
Strategic risk management
Reducing stress claims

CEO Message for Risk Matters




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LGIS is the unifying name for
the dedicated suite of risk
financing and management
services for WA Local
Governments, established
by the WA Local Government
Association in conjunction
with JLT Australia.

Risk Matters is an LGIS journal
to keep members, their staff
and elected members informed
on topical risk management
and insurance issues and LGIS
programs and services.



Welcome to our last edition of Risk Matters for 2017. Here at LGIS, it has been another busy yet rewarding year, where we have continued to develop our service areas to enhance the benefits we provide to our members. While there are many challenges in our sector, I believe we can use these challenges to create opportunities. From the beginning, the foundation of your Scheme has been about risk management, and investing in this Scheme provides not only a safer workforce, but other benefits and opportunities also.

Following the completion of our year-end processes, we have recently released our 2017 Annual Report on the LGIS website, which shows a strong surplus. This has largely been a result of a reduction of over 17% in net claims costs to the Scheme, following on from modest claims reductions in each of the two preceding years. There is no doubt that your hard work and commitment in the risk management space has contributed to this outcome.

Your Scheme's strong financial position has enabled the LGIS Board to make substantial provisions for distributions to members. This has taken the form of loyalty bonus credits, which has reduced the cost of your contributions – by \$4.3 million off the 2016/17 Scheme membership costs.

The 2017 surplus will enable these reductions to be sustained, along with member dividends/funding payments of \$3.2 million to all members. If you haven't already received a visit from us regarding this, stay tuned for advice on your share of the Scheme surplus.

2017 also saw the launch of our next three-year health and wellbeing program, which has created a focus on leading the wellness charge to cultivate the healthiest and safest workplace for you and your workforce.

In early 2018 we will be coming out to visit you to talk about our integrated approach to service delivery. The Integrated Service Plan (ISP) is a collaborative approach, ensuring a holistic review of risks facing your local government. The ISP will ensure clear deliverables to manage your risks. Some members have already engaged with us on this, and we are encouraged by the current results, with further roll outs in the New Year.

I hope you enjoy this edition of Risk Matters magazine, in which we look at:

- The importance of strategic risk management
- Looking after your home and community care workers
- Managing your exposure to fraud
- Reducing stress via performance management
- Driving in a correctly positioned seat

As we head into 2018, I want to thank you for your continued support. We look forward to a positive year ahead and to further strengthening our relationships to continue turning challenges into opportunities.

If you have any questions on Risk Matters magazine or if you would like to discuss any matter relating to your membership with LGIS, please contact me directly on (08) 9483 8855.

I wish you and your family a safe and merry festive season.

Jonathan Seth
CEO

LGIS e-newsletter

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Register now: lgisw.com.au



What will economic crime cost you?

Tenacious fraudsters attempt to exploit vulnerabilities in your risk controls wherever they see an opportunity.

The costly losses that arise from economic crime highlight ongoing exposure for local government.

In the past 12 months alone, a number of local governments and public sector agencies in Australia have suffered as a result of criminal activities within their financial systems.

It has been publicised that, for example, six figure sums have been paid on fake invoices that appeared to be from legitimate contracts, while opportunistic workers made unauthorised credit card transactions and bank transfers.

Crime inside and out

You are exposed to both internal crimes carried out by workers, and external crimes carried out by third parties.

Examples include:

- ▶ Theft, fraudulent acts and misappropriation of funds by a worker or third party (e.g. consultant)
- ▶ Credit card fraud
- ▶ Hacking of computer systems to alter transaction details or make fraudulent payments
- ▶ Accidental misdirection of funds which are unlawfully retained by the recipient
- ▶ Workers being deceived into making erroneous or illegal fund transfers

As a result of these types of crimes, you could suffer not only direct monetary loss, but also experience indirect losses in the form of expenses, such as:

- ▶ The cost for auditors or forensic experts to identify and quantify the loss
- ▶ Costs to restore computer systems
- ▶ Contractual penalties assumed and enforced due to written contract
- ▶ Loss of interest that would have been received on the lost funds
- ▶ Legal fees incurred in defending any legal proceedings to enforce payment of a forged cheque
- ▶ Costs to appoint a public relations firm or consultant to prevent or limit the reputational damage in relation to the loss

Other negative impacts of financial crime go beyond the insurable financial losses. The extended consequences can include:

- ▶ Decreased worker morale
- ▶ Increased use of already limited resources to implement controls that over-compensate for the event
- ▶ Regulator involvement and scrutiny



How are you covered?

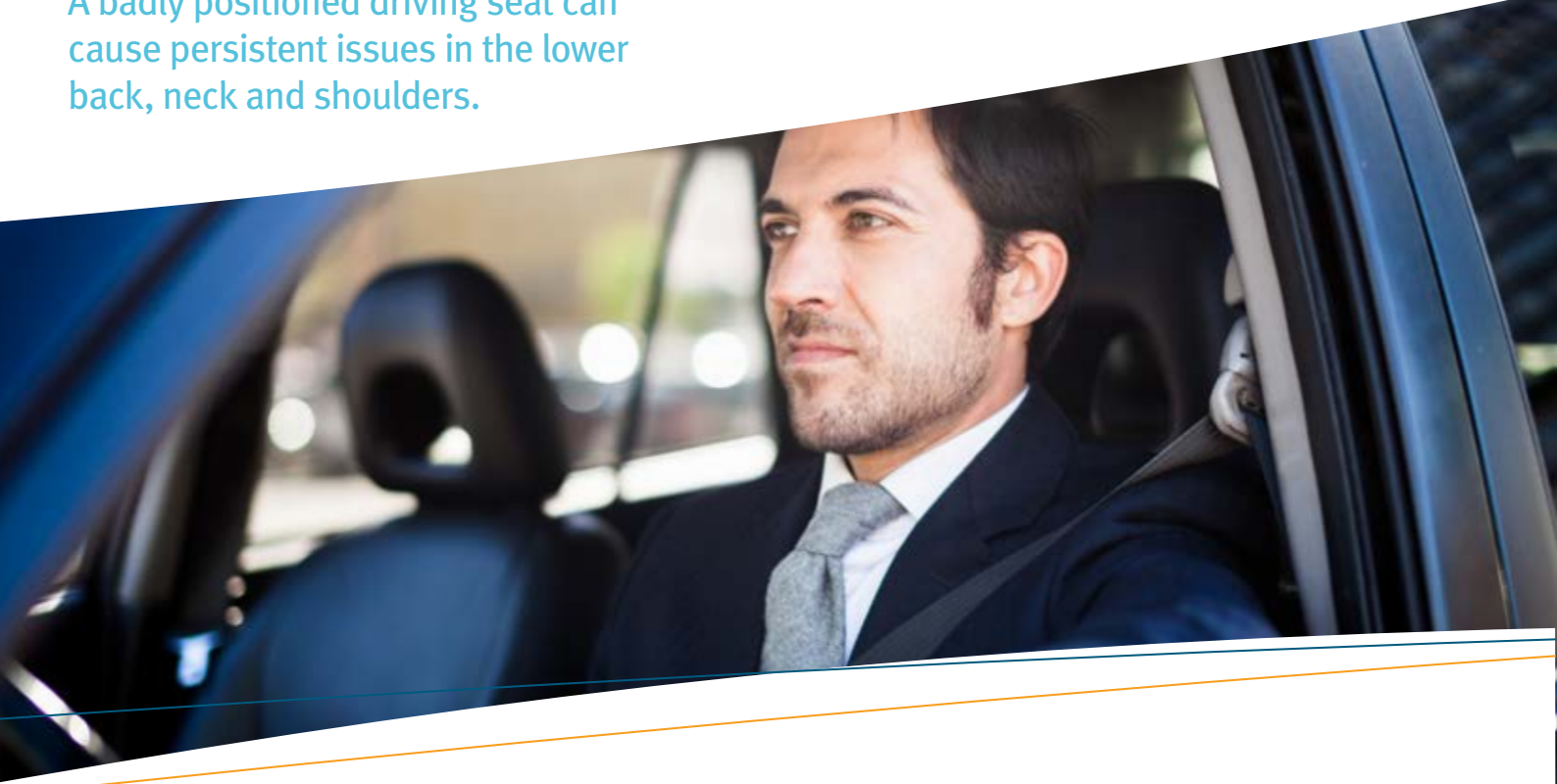
The initial retention of \$50,000 by your LGIS Scheme provides members with the ability to access wider and more cost-effective cover. Cover in excess of the \$50,000 is obtained through the commercial insurance market.

It is important to control your risk exposures to economic crimes. This can be done through robust policies and procedures that include segregation of duties, training, plus external and internal audit programs.

For more information and to check your crime policy coverage and limits, contact the LGIS member services team on ☎ (08) 9483 8888.

Don't let driving be a pain in the neck

A badly positioned driving seat can cause persistent issues in the lower back, neck and shoulders.



Workers who spend long periods of time behind the wheel of a vehicle often experience persistent and ongoing lower back pain, amongst other issues.

Many local government occupations involve driving for prolonged periods of time, including rangers, waste truck drivers, construction equipment operators, parks and gardens operators, to name a few.

These workers are known to have a high risk of developing lower back pain, as well as experiencing neck and shoulder issues. This not only causes great mental and physical discomfort, but it can also cost you in workers' compensation claims and lost work time.

There are two key approaches to preventing this kind of injury:

- ▶ Maintain movement - blood flow maintains healthy muscle function, so aim for five minutes of movement every hour of driving
- ▶ Ensure correct ergonomics in the driver's seat

Driving seat safety tips

- ▶ Sit in the seat and relax. If you have adjusted the seat correctly, use it the way it has been designed.
- ▶ Make minor adjustments to your position occasionally to change the stressors on your body. Be sure to stay in a safe supported position. Change your grip on the wheel occasionally.
- ▶ Do not use the car as an office. Using a laptop in the passenger seat creates twisting of the spine. Bending over to fill out paperwork causes your neck to flex forward unsafely.
- ▶ Give your body a few minutes out of the car before lifting things from the boot or other storage areas.
- ▶ Always remove your wallet from your back pocket before sitting. Driving while sitting on it causes the pelvis to twist, stressing the back.
- ▶ Check the load rating on your seat to ensure it is safe for you to operate.

- ▶ When stuck in traffic or during a long journey, keep the body mobile. Try some simple but effective exercises, such as buttock clenches, side bends and seat braces – pushing your hands into the steering wheel and your back into the seat – and shoulder shrugs, with a five second hold, as well as shoulder circles.
- ▶ Always have water available to maintain hydration. If driving for long periods, do not forget to protect yourself from the sun.

For more information and support to reduce driver related issues, please contact the LGIS injury prevention team on

☎ (08) 9483 8888.

Is the seat set up correctly for you?

Follow the steps below to ensure you adjust your seat to be in the correct position for you to drive.

1. Begin by pushing your seat all the way back, place it as low to the floor as possible, and recline the back 30° - 40° .
2. While sitting in the seat, bring its height up until you can comfortably see the road and display panel, with your hips as high as your knees. (See diagram 1.) If you are too low, try adding a cushion or wedge to the seat. This can also decrease vibration from the road, which has been shown to contribute to injury. However, be sure it does not result in sitting too high. You should avoid driving with your neck in an awkward or uncomfortable position.
3. Move the seat forward to enable you to reach and completely depress all the foot pedals without coming away from the seat back. This is especially important for the clutch in metro areas.
4. Bring the backrest to a 95° - 105° angle. This decreases the pressure on the discs in your lower back. Adjust your headrest so it rests in the middle of your head. Adjust the lumbar support (if possible) so you have even back support, with pressure applied to the small curve in your lower back. This should be supportive and comfortable. A lumbar cushion can be added if your seat lacks sufficient lumbar support.
5. Tilt the seat cushion until it evenly supports your entire thigh, without pressure in particular areas, and does not hit the back of your knees. (See diagram 2.) If it presses unevenly, it can restrict circulation and cause discomfort in the legs.
6. Adjust the seatbelt to fit you instead of adjusting the seat to accommodate the seatbelt position.
7. When your hands are held at 10 and 2 on the steering wheel, your thumbs are ideally in front of your shoulders. Bring the steering wheel down and towards you to minimise reach, but not so it touches the thighs. The less your elbows reach forward and upwards, the less strain on your neck and upper back. If the steering wheel is too high, it can cause fatigue and a rounding of the shoulders. Ideally there should be an angle of 120° at the elbow when driving. (See diagram 3.) On freeways or longer country trips, lower your hands to the bottom of the steering wheel, positioning your elbows closer to the side of your torso.
8. When adjusting the mirrors, you should easily see your mirrors within a total rotation of 60° of the neck. You should not have to adopt an awkward or strained position to view the mirrors, especially for frequent or sustained reversing.
9. Fine tune as necessary. Remember, we are all different and these are guidelines. The most important factor is your safety and ability to operate the vehicle in a safe manner.

Diagram 1

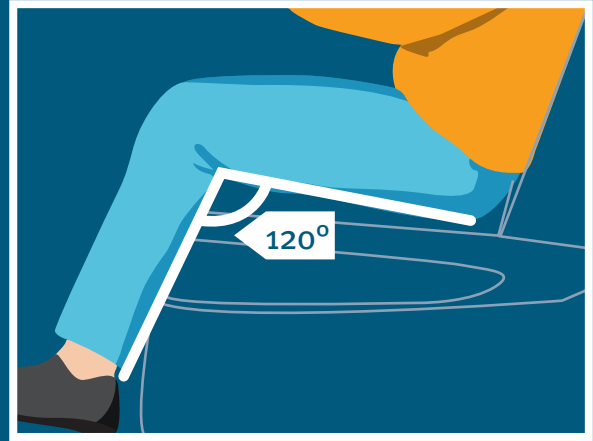


Diagram 2

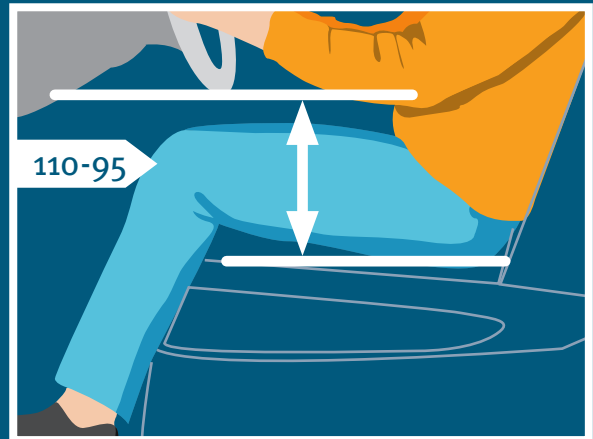
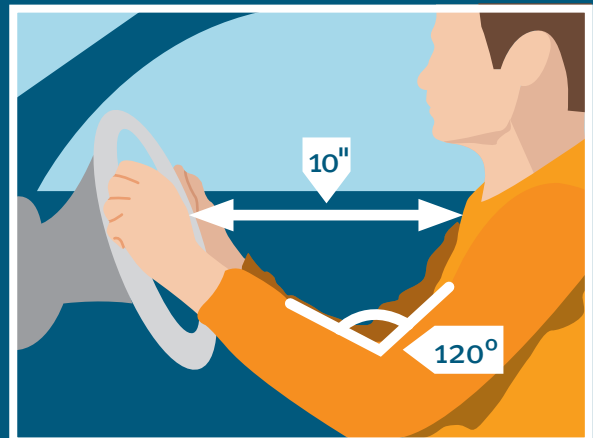


Diagram 3



Strategies for managing an ageing workforce

Australia's growing population



MARCH 2017
Australia:
24.5 million*.
1.6% increase in 1 yr



18 400

MARCH 2017
Western Australia:
Increase of 18,400
people* in 1 yr

Projected 2061 Australia total:



41.5
MILLION
PEOPLE #

*Australian Bureau of Statistics (ABS)
Infrastructure Australia, 2015 report

By 2061, it is predicted that 22% of the Australian population will be aged 65 or older, up from 14% in 2012.

As our population grows and the Age Pension qualifying age increases, an older workforce is the 'new normal', so effective safety and health management is vital.

The World Health Organisation currently uses the age of 45 years as the dividing point between younger and older workers.

By July 2023, the qualifying age for Australia's Age Pension will be 67 years. This means we are considered older workers for at least the last 20 years of our careers.

In 2012, just 2% of the population was aged 85 years or older. By 2061, that figure is expected to reach 5% of the population.

Clearly, managing the increased risk of injuries among older workers (particularly those leading to claims) must be well integrated into your overall occupational safety and health (OSH) policies and plans.

Workers' compensation claims

Older workers make up the majority of claims received by LGIS. With these claims come increased costs and duration, increased risk of surgery and difficulty in redeployment, an increase in number of complexities, and increased likelihood the claim will result in settlement.

	All Claims	Claims for over 40s	Claims for over 60s
Number of claims	11,295	8,868	2,575
Average cost	\$15,467	\$17,121	\$17,360
% of Total Costs	100%	87%	26%

LGIS Claims Data 2008 – 2017



Why age is a factor in claims

As we get older, our bodies and minds change. How we age differs from person to person, but an understanding of common changes will assist with preparing a safe workplace for workers of all ages. Some of the more common changes are:



Musculoskeletal system, with changes including:

- ▶ Declining muscle strength
- ▶ Loss of muscle elasticity
- ▶ Decreased bone strength (e.g. osteoporosis)
- ▶ Deteriorating joints or cartilage

This can affect workers' ability to complete tasks as they have less strength and endurance, decreased range of movement, and are at higher risk of fractures or injuries from short or long term stresses on joints and bones.



Cardiovascular and respiratory systems, with changes including:

- ▶ Decreased ability to carry oxygen through the body
- ▶ Reduced lung capacity
- ▶ Decreased blood flow to outer parts of the body
- ▶ Increased recovery times

This can affect work tasks, as capacity for extended physical labour is reduced, and difficulties may be experienced in keeping body temperatures regulated in extreme weather.



Hearing and vision, with changes including:

- ▶ Decreased ability to distinguish between noises
- ▶ Increased difficulty locating the source of a sound
- ▶ Changes to flexibility of eye lens (often resulting in long sightedness)
- ▶ Less effective macula (light sensitive part of the eye)

This can affect work tasks, such as reducing the worker's ability to hear alarms, hear verbal instructions, read printed material, adapt to changing light conditions, or increasing their sensitivity to glare.



Mental, sensory; and motor processes, with changes including:

- ▶ Decreased reaction time
- ▶ Slower decision making

This can negatively impact work tasks and lead to increased safety and injury risks.



Comorbidities (and additional diseases concurrent to the primary issue) may include:

- ▶ Diabetes
- ▶ Obesity
- ▶ Pre-existing injuries

Along with an increased risk of injury in older workers, these changes can affect and prolong the recovery of an injured worker.

All employers should try to create a safe and healthy work environment for all workers – not just older ones.

What can you do?

You should try to create a safe and healthy work environment for all workers – not just older ones. No matter their age, all workers need to be competent in their tasks, have the right equipment provided, and be included in discussions about the risks within the workplace.

Address physical ageing changes by considering:

- ▶ Adequate and ongoing training for workers
- ▶ Relevant mechanical aids to complete physical tasks
- ▶ Health and wellbeing programs
- ▶ Work scheduling including rest breaks
- ▶ Appropriate communication methods

It is important to regularly review the risks within your workplace, including those brought in by your workforce, and to develop a plan to manage these risks.

Manage injury and compensation claims by enacting the following strategies:

- ▶ Early intervention
- ▶ Ongoing communication with all key stakeholders
- ▶ Attend doctor's appointments
- ▶ Discuss comorbidities with the injured worker and treating medical professional
- ▶ Be open to alternative work options
- ▶ Support worker throughout their return to work

These strategies help ensure any further risk is managed in regard to workers' compensation claims by older workers.

See the positives

Even with the changes ageing brings, an older workforce should not be viewed as a negative. They bring greater experiences and knowledge in their chosen fields, and they are more likely to remain in a role than their younger colleagues.

When the risks associated with ageing workers are effectively managed, they can continue to contribute as beneficial members of the workplace.

For more information and assistance with managing workers' compensation claims in an ageing workforce, contact the LGIS injury management team on ☎ (08) 9483 8888.

The importance of strategic risk management

It is no longer viable to suggest that you should not consider what you cannot control.

Strategic risks are those associated with the uncertainties and opportunities in achieving your strategic goals. They may be internal or external in nature.

The Department of Local Government and Communities defines strategic risks as those associated with achieving the organisation's long term objectives, as described in the Strategic Community and Corporate Business Plans.

While it is important to integrate risk management into your strategic planning and reporting, it is just as important to look at the macro strategic risks that are associated with effective leadership and sustainability of your local government.

The diagram on the next page provides an overview of some of these strategic risks, both on primary and secondary layers, that should be considered by management.

Corporate Governance

This is fast becoming an area of strategic importance within the local government sector, as management oversight is generally the first area to come under scrutiny when issues arise. There have been numerous examples in the private sector where failures in this regard have resulted in severe reputational damage and “the end” of the corporate entity.

Strategy Execution

Local governments allocate large resources towards developing their strategic direction following community and stakeholder engagement. This sets expectations within the community, so the execution of these strategies through competent management and effective program/project management becomes a critical responsibility and skill required of all local governments.

Technology

Constant advances in technology provide risks and opportunities when considering innovation, disruptive business models, social media, or risks associated with cyber-attacks.

Regulatory/Political

Risks associated with the regulatory and political landscapes in which local governments operate are ever-present. The recent attempt at local government amalgamations is still fresh, and we need only look to the eastern states to see rate capping, mergers and performance reporting requirements.

Business/Community Disruption

The increasingly negative impacts of climate change, environmental management, and the expectation that core services will always be available means business and/or community disruption has been elevated to strategic levels requiring a whole-of-government approach to manage this.

Financial

The economic viability of local governments is under constant financial pressure, with cost shifting, asset maintenance costs, and renewal gaps increasing.

Recognise, react, plan

While some of the risks noted here may appear to be outside the control of you, the government, the ability to recognise, react and appropriately plan for these risks is certainly within the domain and expectations of local government.

For further information or assistance in strategic risk management, please contact the LGIS risk and governance team on ☎ (08) 9483 8888.

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Strategic Risk Categories



Reducing stress claims via performance management

Sound performance management policies and practices may prevent stress claims.



It is more important than ever for today's local governments to have thorough and effective performance management policies and procedures firmly in place.

Although this will not eliminate stress claims entirely, having sound policies in place may reduce claims, or alternatively provide a defence if and when they are made.

Section 5(4) of the *Workers' Compensation and Injury Management Act 1981* (the Act) provides a defence to a stress claim where the stress wholly or predominantly arises from the worker's:

- ▶ Dismissal
- ▶ Retrenchment
- ▶ Demotion
- ▶ Discipline
- ▶ Transfer
- ▶ Redeployment
- ▶ Not being promoted, reclassified, transferred, granted leave of absence or any other benefit in relation to the employment

This defence is valid, unless the conduct of the employer is found to be unreasonable. Not having managed the worker's performance may fall under that description.

Therefore, it is extremely important to ensure your workers' performance is correctly, closely and regularly managed according to sound policies, as this will be critical to defending a claim using Section 5(4).

Unreasonable and harsh

If it is established that a worker's stress condition is wholly or predominantly caused by disciplinary action, a demotion, transfer or redeployment, the onus falls on the worker to establish you, the local government, acted in an unreasonable and harsh manner.

What is unreasonable and harsh in the context of the Act was discussed in the case of *Catholic Care v Wrafter CMC 60/96*.

In that case, the compensation magistrate indicated that the ordinary meaning of the words needed to be considered. Factors such as fairness (including procedural fairness) were relevant in determining whether or not an employer had acted unreasonably and harshly.

Circumstances must be viewed objectively regarding not only the decision to take the particular action, but also:

- ▶ The process by which the action was taken
- ▶ How the worker was dealt with
- ▶ The effect of the action on both the employer and the worker

(*Pilbara Iron Company v Suleski [2017] WADC 114*).

Mitigating risks

Skill needs to be exercised in performance management, ensuring sound policies and procedures are in place. This helps keep the workplace safe and productive, and mitigates the risk of exposure to a potentially successful stress claim from a worker.

For more, and to find out how LGIS is able to advise members on these types of claims when they arise, call ☎ (08) 9483 8888.

Caring for your HACC workers

The very nature of home and community care workers' (HACC) duties means HACC workers are often exposed to a number of specific health risks.



Many local governments, through jointly funded Commonwealth and State Government HACC programs, provide important care services to their communities. In this, local governments are employers of HACC workers.

The unique role of these workers means that not only do they provide physical and practical support, but also personal and emotional support.

Home and community care workers are called upon to provide a full range of personal, emotional, and physical support to older people and people with disabilities. Workers also provide practical assistance with daily living tasks for people in their own homes.

HACC workers carry out duties within the client's defined care plan, and are a vital support to clients who want to:

- ▶ Continue living in their own homes
- ▶ Develop and use their skills
- ▶ Form social relationships
- ▶ Gain increased feelings of self-worth

Personal attributes

It is generally accepted that HACC workers possess a very special set of personal qualities that enable them to fulfill their unique duties effectively. These include, but are not limited to:

- ▶ A caring and supportive attitude
- ▶ High levels of patience and understanding
- ▶ Complete discretion and professionalism
- ▶ Strong communication skills
- ▶ A commitment to the rights of elderly and impaired people

Practically, they are often expected to have a good level of physical fitness, and the ability to lift heavy objects.

HACC workers are generally highly skilled in carrying out their many duties. However, by its very nature, their work, and the attributes it requires, can often pose a high level of risk to their psychological health and wellbeing.

Risks to wellbeing

When we take into account the full range of support they provide as well as the environment and relationships that surround their work, it is not difficult to see why the psychological health of HACC workers may be at risk.

HACC workers often have the same clients for many years, or continue to work with the same clients during their declining years when degenerative illnesses and cognitive impairments become more prevalent. This can cause emotional stress to HACC workers.

In addition, risks to psychological health on the job can also arise from factors including, but not limited to, poor communication and interpersonal relationships, bullying, occupational violence, and fatigue.

Managing psychosocial hazards

Risks to psychological health in the workplace should be viewed in the same way as all other health and safety risks. Applying risk management principles within the aged care industry helps you prevent and manage risks to HACC workers, and eliminate or minimise psychosocial hazards in your workplaces.

It is important to include a commitment to the prevention of all forms of work-related stress in your safety and health policies.

If you would like to know more about the range of workshops available to support your HACC workers and teams, please contact the LGIS human resources risk management team on ☎ (08) 9483 8888.

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