



**Managing the ageing workforce
Using data to tailor our services
Member survey: we asked, you responded**

Editorial



The first quarter of the year has come and gone, and as you prepare to finalise your 2017-18 budget we are working intensely on the renewal of your Scheme protection and non-Scheme coverage with the

aim of providing you with innovative solutions to reduce both your exposure to risk and your costs. The positive claims experience of the Sector over recent successive years and competitive rates currently available for your Scheme's re-insurance will see reductions in Scheme contributions in insurance this year. We have also applied an upfront credit of your surplus distributions in the form of a discount on your Scheme contributions for the next fund year, to better demonstrate the value of your self-insurance Scheme.

The recent short-term softening of the global insurance market has generated a level of temporary interest in the sector from competitors. These competitors are attempting to enter the local government sector by endorsing the need to tender for your risk financing and risk management services along with seemingly attractive offers representing that they can deliver 'lower' premium opportunities.

It is important to note however, that over the years, the commercial insurance market has not viewed the Local Government Sector favourably, given the complex nature of your operations and obligations and, as such, this has repeatedly resulted in premium and coverage instability. I believe the re-alignment of the market in time will result in the eventual hardening of the market with consequent changes to pricing and withdrawal of cover and capacity by the commercial insurance market.

While I understand you may be under pressure from your communities to 'test the market', in the process of making an evaluation of your risk financing and risk management services, I encourage you to make sure you are not risking the financial position of your local government by considering 'insurance

only' offerings. Be certain the alternatives you are considering are like-for-like.

A significant benefit of being a member of LGIS is our complimentary risk management services and solutions that improve the safety, efficiency and effectiveness of the WA Local Government Sector. Unobtainable from our competitors, this benefit provides you with WA Local Government industry experts and tailored services to suit your challenging and evolving needs. Our dedicated team of Perth-based, 70 plus staff specialise solely on servicing the needs of the WA Local Government Sector.

As part of our effort to continue to provide you with tailored expert advice, we are pleased to present you with this year's first edition of Risk Matters magazine. In it we feature ways in which to manage an ageing workforce to ensure maximum engagement, as we know the management of intergenerational workers is a consideration for many of you. Supporting mature-age practices will assist in realising the potential opportunities of the long-standing doers and thinkers within your local government and prove beneficial for all parties.

We also detail the results of the member survey you participated in late last year. Your feedback is helping us to ensure our programs align with the concerns that are impacting you most and that all aspects of the Scheme, from comprehensive risk protection through to our health and wellbeing initiatives, are working for your maximum benefit.

There are some exciting plans in the works here at LGIS, with the launch of our next three-year health and wellness program soon to be announced. Stay tuned for these developments, we will keep you updated of all initiatives that will be of benefit to your local government.

As always, thank you for your continued support. I hope you have had a positive start to 2017. If you have any comments or questions regarding the content of this Risk Matters magazine, or to discuss any matter in relation to your membership with LGIS, please contact me directly on 08 9483 8855.

Jonathan Seth
CEO



Lvl 3, 170 Railway Parade,
West Leederville WA 6007

(08) 9483 8888

(08) 9483 8898

admin@lgisw.com.au

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us via the details above
for assistance.

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.

LGIS e-newsletter

Sign up today.....

At LGIS we are committed to bringing you relevant information on local, national and global risk-related matters and issues impacting local governments in Western Australia.

Register now to receive a copy of our LGIS updates through the LGIS website lgisw.com.au



Member survey: we asked, you responded

You described your interaction with us as
“a great working relationship”.



Your feedback underpins the way we work, as it allows us to understand and respond to your changing needs.

It is an approach we take continually and proactively to ensure our focus is, as always, on your local government and the Sector as a whole.

Towards the end of last year, we invited you to participate in a short survey to help us further understand your views of us, and of the services we provide.

Your feedback will help to ensure that as the managers of your Scheme, we continue to operate efficiently and effectively to provide you with the best possible experience when engaging with us.

Thank you to everyone who participated in the survey. We are grateful for the substantial volume of responses received, and their detail. We are pleased to say that according to you, we have maintained our strong corporate reputation.

You told us...

Our strengths continue to lie in our:

- ✓ Knowledge and expertise
- ✓ Understanding of local government member needs
- ✓ Friendly and approachable people



On relationships...

You described working with us as:



A great working relationship



Helpful



Professional



Supportive

Your feedback counts

We are not an organisation that rests on our achievements. Based on your feedback, we will continue to focus on delivering excellent customer service with a strong emphasis on efficiencies, clear and simple communication, along with increased face-to-face consultation.

Our focus remains on our day-to-day support and catering to your individual and evolving needs.

Cornerstone of success

Risk management is the cornerstone of the ongoing success of our member owned, self-insurance model. We will continue to work with you on the best risk financing approach and program for your local government.

Our market-leading endorsements and risk mitigation strategies are in place to respond to the losses you have suffered, as well as to minimise future risks.

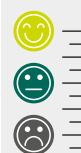
We will also continue to bring you a broad range of complimentary risk management training and education programs that provide practical support across your operational needs, and that focus on the key insurable risks for WA Local Governments including:

- ▶ Professionals risks
- ▶ Liability risks
- ▶ Property risks
- ▶ Occupational safety and health
- ▶ Human resource risks

As you grow, and as the environment in which you work changes and new risks emerge, we are committed to ensuring that our risk management programs are agile and responsive, always.

Satisfaction and trust

You have very strong trust in us to deliver on our commitments:



93% of you are extremely satisfied with the service you receive from us, particularly in the sound advice received.

If you have any questions or feedback regarding the survey, please contact us on ☎ (08) 9483 8888.

Managing the ageing workforce

Discrimination in employment, including through ageist stereotypes and practices, is a significant waste of human capital.

Australia, along with many other developed countries, is experiencing a demographic shift as the population ages.

While there is greater pressure for older Australians to remain in the workforce for longer, employers are generally unwilling to hire or retain them. This is despite policymakers recommending they keep working to meet skill demands and compensate for declining numbers of new labour force entrants.

Research highlights the paradox. While the Australian government urges citizens to participate beyond age 65 (traditional retirement) many are denied that opportunity.

Willing to work

The Australian Human Rights Commission recently published *Willing to Work* (2016) which presents findings of a national inquiry into employment discrimination against older Australians (and Australians with disability).

Key data from the report includes the following:

- ▶ People aged 55 years and over make up roughly a quarter of the population, but only 16% of the total workforce
- ▶ While labour force participation has grown in recent years, it continues to decline with age
- ▶ While mature-age people have a lower unemployment rate than younger people, they tend to have greater difficulty finding another job after they become unemployed.

Average unemployment duration by age (Nov 2015)

55+ years old	68 weeks
25-54 years old	49 weeks
15-24 years old	30 weeks

Labour force participation by age (Nov 2015)

55-59 years old	74%
60-64 years old	56%
65+ years old	13%

Experiencing discrimination

The *Willing to Work* report references the first national prevalence survey (2015) of age discrimination in the workplace.

It found that 27% of people over age 50 had recently experienced workplace discrimination. One third of the most recent episodes reported occurred when applying for a job. A third of those experiencing age discrimination gave up looking for work.

The *Willing to Work* inquiry reflects the voices of individuals affected by discrimination, employers of all sizes and sectors, extensive research, expertise of advocates, legal practitioners, policy experts, industry representatives and unions. It found that:

“... too many people are shut out of work because of underlying assumptions, stereotypes or myths associated with their age (or disability). These beliefs lead to discriminatory behaviours during recruitment, in the workplace and in decisions about training, promotion and retirement, voluntary and involuntary. The cost and impact of this is high for individuals and for our economy”.

Negative effects of ageism

Discrimination affects the health of individuals, their career and job opportunities, their financial situation and their families. Consequences for workplaces include:

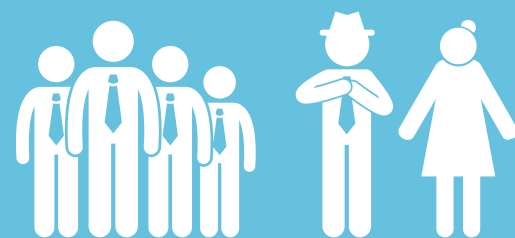
- ▶ Higher absenteeism
- ▶ Lower or lost productivity
- ▶ Higher staff turnover
- ▶ Increased recruitment costs
- ▶ Lost opportunities from abandoning experience and organisational knowledge

27%

of people

50+

experienced workplace discrimination



References

Australian Human Rights Commission *Willing to Work: National Inquiry into Discrimination Against Older Australian and Australians with a Disability* 2016
Kulik, Carol., Perera, S and Gregan, C. 2016 *Engage me; the mature-age worker and stereotype threat*. Academy of Management Review Vol 59 No 6.



Research found stereotype threat results in:

- ▶ Physiological stress
- ▶ Performance decrement
- ▶ Increased fatigue
- ▶ Reduced interest in the task
- ▶ Task experienced more negatively
- ▶ Diminished self-confidence
- ▶ Higher levels of job dissatisfaction
- ▶ Lack of engagement in one's work

Addressing stereotypes

Local government workplaces are not immune to age-related bias and discrimination. While most of you will have long-established policies and procedures on Equal Employment Opportunity, we are all subject to known and unconscious biases which, if left unchecked, put us at risk of compromised decision-making and ineffective workplace relationships based on stereotypes.

Age-related stereotypes are notoriously persistent in organisations. The most common research findings are that mature-aged workers are consistently perceived to be less productive than their younger counterparts. They are also viewed as lacking initiative, uninterested in learning or developing, fearful of new technology, and resistant to change.

Ageist stereotypes are limiting and destructive, and can unfortunately become self-fulfilling prophecies for the person on the receiving end. The 'stereotype threat' framework was used to survey 666 mature-age Australian employees over three years. Results indicated those who experienced stereotype threat reported lower work engagement 11 to 12 months later.

Diversity management strategies

Diversity-blind practices are systems designed to enhance your workers' skills, motivation and empowerment. They apply to all workers regardless of age, and focus on training, rewards and participation. They signal your organisation's interest in making a long-term investment in your workers, motivating them to reciprocate with higher engagement in their work roles. They signal to mature-age workers (and others) that your local government values them as individuals.

Supportive mature-age practices involve formally recognising and celebrating mature-age worker achievements by, for example, providing opportunities to mentor and develop others, strategically redesigning jobs to reduce physical effort without lesser status decision-making, and phased retirement programs that allow workers to ease into retirement.

What can you do?

If your local government is to be part of the solution and realise some of the potential opportunities of an ageing population, you need to:

- ▶ Ensure that you have and follow your own anti-discrimination policies and procedures
- ▶ Respond effectively to known biases and be alert to the risk of unconscious biases (for example, by undertaking awareness-raising activities and training which encourages individuals to challenge their own stereotypical assumptions and to look for evidence to support decision-making)
- ▶ Protect your workplace against stereotype threat for improved mature worker engagement through both diversity-blind/high-performance and diversity-conscious practices

How we can help

Our human resources team can assist your workplace in a number of ways:

- ▶ Assist you to establish or review policies and procedures related to equal employment opportunity and acceptable workplace behaviour
- ▶ Assess the levels of job satisfaction, engagement, and perceptions of discrimination, including a breakdown of results for different demographic groups, through a staff survey
- ▶ Assist in the design and implementation of diversity management strategies

‘Return to work’ that works

The earlier an injured worker is returned to work, the greater success they will have of returning to their pre-injury role.



Supporting an injured worker's return to work is not always easy. Following clear strategies can ensure a smooth transition for both the worker and you, their employer.

Supervisors and managers play a crucial role in ensuring a worker returns to his or her job following an injury. It is the supervisor who can actively promote a 'stay and recover at work' culture, and who can be a positive influence in making a worker feel productive, supported and valued.

As a supervisor or manager, the earlier you make contact with an injured worker to begin supporting him or her, the more successful their return to work will be. Early contact is critical to the way in which a worker participates in their recovery on all levels. If a worker is left out of the loop and not supported, this can negatively influence recovery and prolong the length of their claim.

Three key ways to manage your injured worker:

1. Support

From the moment you become aware of a worker's injury or illness, provide support. The first conversations with a worker following an injury or illness will generally set the scene for how positive the worker will feel about their injury, you, their employer and getting back to work.

2. Communicate

Keep in regular contact with your injured worker and make sure they still feel part of the team. If appropriate, invite them to attend meetings, training sessions and send them work newsletters or updates to help them feel connected while they are recovering.

3. Encourage

When talking with your worker about their recovery and finding out how they are going, offer your assistance and make them feel supported. Focus on what they can do as opposed to what they cannot do.

Playing a positive role benefits everyone

Supervisors play a key role in assisting injured workers to return to early, safe and sustainable work. When you play an active role:

- ▶ Your workers can recover faster after injury
- ▶ You retain the skills and knowledge of your injured workers
- ▶ You reduce the costs of lost productivity
- ▶ You reduce the costs of recruiting and training new staff to cover the role
- ▶ You help build morale in the workplace by showing all workers that the injured worker is valued
- ▶ You reduce the financial impact of the claim on the business

Earlier return to work means greater success

20 days off work =

70%

chance of returning to work

45 days off work =

50%

chance of returning to work

70 days off work =

35%

chance of returning to work

What should supervisors know about return to work?

- ▶ The relationship between a supervisor or manager and an injured worker can have a significant impact on the speed and sustainability of return to work outcomes.
- ▶ Your local government has legal obligations under the *Workers Compensation and Injury Management Act (1981)*. If they breach their return to work obligations they risk prosecution and significant financial penalties.
- ▶ Your worker doesn't need to be 100% recovered to return to work. Returning to work is actually an important part of their recovery, and being at work improves their overall health and wellbeing.

What can a supervisor do to help?

Your Injury Management Coordinator (IMC) has a legal obligation to ensure that a return to work program is in place, and that an injured worker is supported in your workplace. Supervisors on the ground are able to assist the IMC to coordinate the injury management process.


To help ensure that positive return to work outcomes are achieved, the following actions should be taken by you as supervisor:

- ▶ Provide your IMC with a list of suitable duties the injured worker could complete
- ▶ Attend GP appointments (with the consent of the worker) as a support person and in order to discuss the return to work program
- ▶ Have a plan for the worker's first day back,

and talk to them before they start about what they will be doing

- ▶ Conduct regular reviews with your injured worker, and report any updates to your IMC
- ▶ Encourage the worker's colleagues to provide a positive return to work environment and to support the injured worker to return to work
- ▶ Keep everyone in the team informed of the return to work plan
- ▶ Watch for signs of recurrence or aggravation of the injury, and talk to your IMC immediately if you notice changes or the worker reports recurrence of the injury
- ▶ Watch for signs of increased or decreased capacity
- ▶ Revise the return to work arrangements if the worker's capacity changes



The LGIS injury management team can deliver training sessions for supervisors and managers on their roles and responsibilities in the return to work process. For more information, please contact the team on  (08) 9483 8888.

Using data to tailor our services

Valuable Scheme data applied to a benchmarking tool allows comparison between your claims performance and similar local governments in WA.

LGIS workers compensation average cost per claim was

54%
LOWER

than RiskCover for 2016

Having more control over your workers compensation claims means you can achieve better outcomes from both return to work and financial perspectives.

Each claim is unique in its complexity. At LGIS, we understand the background of your claim and the impact it has on your local government, and will work closely with you to achieve your desired outcomes.

The workers compensation Scheme, on behalf of all WA Local Governments, administers the employer's liability under the *Workers Compensation and Injury Management Act 1981*, and also compliance with all WorkCover WA self-insurer regulations.

Under this one-of-a-kind arrangement in WA, all local governments are considered to be self-insurers, meaning you are exempted from the requirements to have a conventional workers compensation policy.

Instead of relying on a commercial insurer to manage your claims and having very little control of them, being part of the self-insurance arrangement means that you are in control as the owner of the Scheme. LGIS works with every member to manage claims to ensure you have been consulted with and agreed on the outcomes before finalisation.

Data-driven approach

The Scheme has over 21 years of data on the four categories of cover you have through

the Scheme's pooled protection: civil liability exposures, property, workers compensation and volunteer fire fighters.

This information has allowed us to understand your local government's risk profiles and tailor our approach in delivering risk and insurance services to you.

Benchmarking benefits

With this information, LGIS has been working on a benchmarking tool that will allow you to compare your claims performance against the whole Scheme and similar local governments in WA.

This will provide you with useful insight into your risk profiles and risk management strategies that can be put in place to reduce future claims. The benchmarking tool will be launched through the LGIS website in 2017.

How do we stack up?

The data enables us to look outside of LGIS to see how we compare within the industry against other self-insurance entities.

Since local government is a very unique industry with the widest range of occupations compared to other sectors, benchmarking our data against just any other self-insurance entity will not provide accurate reflection on the Scheme's performance.

Within WA, the most likely comparison we can make is with the Government of WA's self-insurance Scheme, RiskCover, and the State's workers compensation and injury management Scheme, WorkCover WA.

Interpreting results

Across the board, LGIS workers compensation average cost per claim is lower (54%) than RiskCover in the year 2016. This is the case for all top four injury types.

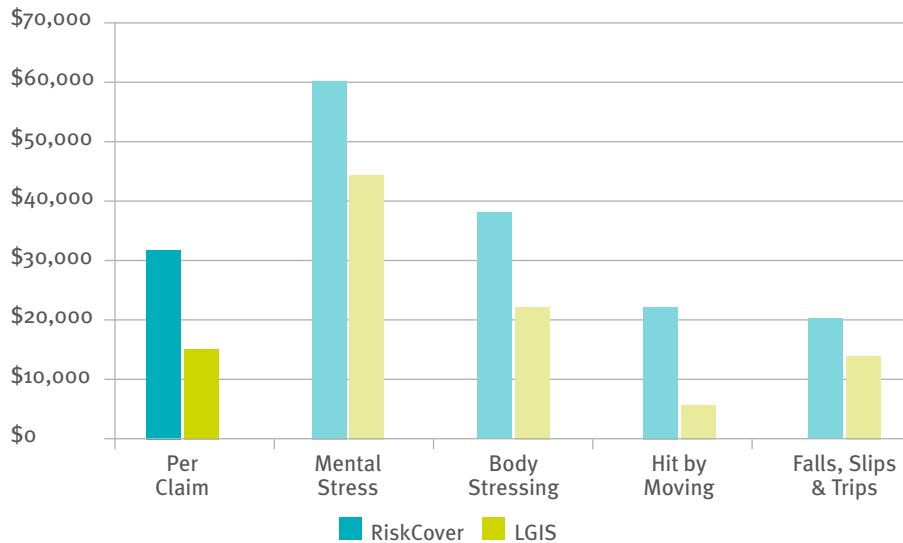
This is an encouraging result highlighting the importance of the role that risk management, injury management and claims management play in minimising workers compensation costs.

In addition to having a highly experienced claims consultant to strategise claims management with you, proactive risk management and injury management is what we focus on with our members. As a key partner, we provide you with industry-specific assistance in safety, health and wellbeing, human resources and injury management to ensure claims are prevented and minimised through proactive risk management solutions.

Comparison with WorkCover WA

Cost is only one way to measure performance of workers compensation. Another key measurement is the number of Lost Time Injury (LTI) claims and the duration of these claims. It is well researched that the longer an injured worker is off work, the harder it is to return them to work and the more costly it becomes for the employer. These costs include both the immediate cost (such as wages, legal, medicals) and the indirect cost (such as being unable to replace the position, and lost productivity).

2016 Average cost per claim by mechanism of injury



Comparison with RiskCover

Extracting information from the 2016 Insurance Commission Annual Report, we are able to benchmark the average cost per claim of the top four 'mechanisms of injury' for 2016 as demonstrated in the graph here.



Return to work performance

Using the most recent WorkCover WA information (2015 annual report), the graph here compares LTI claims between LGIS and the WorkCover WA Scheme.

This is an excellent performance by our members and LGIS, and the results can be attributed to two factors:

1. Experienced claims consultants settling claims early.
2. Solid injury management support to assist members to return injured workers to work efficiently.

Positive outcomes

Your Scheme has consistently demonstrated positive claims outcomes in the workers compensation area because of the long-standing relationships and understanding we have about your industry.

Working together with our members through collaboration and innovation of proactive risk management solutions is what continuously drives the success of the LGIS Scheme.

This allows us to strive for our vision: "To be totally aligned with WA Local Government as your primary provider of risk solutions."

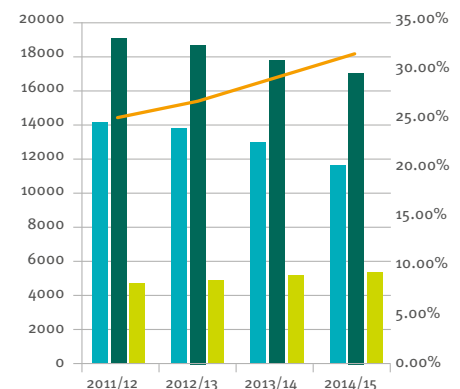
Excellent results

The graphs to the right show that, on average (between 2011 and 2015):

WorkCover WA had **28% of all claims with LTI being 60 days or longer.**

LGIS had only **5% of all claims with LTI being 60 days or longer.**

WorkCover WA



1-59 days all LTI claims
over 60 days % of claims over 60 days

LGIS



For more information on the upcoming benchmarking tool, or any people risk solutions, please contact us on (08) 9483 8888.

Training to improve bushfire risk management

New visual fuel load assessment training for local government officers is a key initiative in better managing bushfire risk.

With fires continuing to present a risk in areas covered by extensive bushland, taking proactive steps to mitigate this risk is a priority.

Bushland is highly valued for its ecological, aesthetic and recreational values. However, the increasing occurrence of bushfires poses a significant risk to residents and local government alike.

The South West Group (SWG) is a voluntary region of local governments incorporating the Cities of Fremantle, Melville, Cockburn, Kwinana and Rockingham.

The region has extensive areas of bushland, particularly within the Cities of Cockburn, Kwinana and Rockingham, and much of it is managed by the members.

Fuel load assessment training

Through the South West Group Parks and Reserves Management Forum, the SWG, on behalf of its member local governments, actively works towards improving practices to mitigate risks associated with fire.

A key initiative for the SWG is the recent introduction of visual fuel load assessment training for local government officers.



Training outline

This valuable training will provide your officers with the knowledge and skills to enable them to:

- ▶ Determine when fuel loads require assessment by a qualified contractor
- ▶ Better evaluate the qualifications and experience, proposed methodology and value-for-money of quotes sought from fuel load assessment contractors
- ▶ Evaluate the reports produced by fuel load assessment contractors and apply a level of quality assurance
- ▶ Better understand fire behaviour and improve decision-making regarding the need for fuel reduction burns and response to wildfire
- ▶ Better respond to residents' enquiries regarding their local government's policies and practices on fire risk mitigation and wildfire response
- ▶ Better communicate information regarding fire risk to their managers and to elected members

For further information, please contact the LGIS risk and governance team on (08) 9483 8888.

The risks you face without Principal Controlled Insurance cover

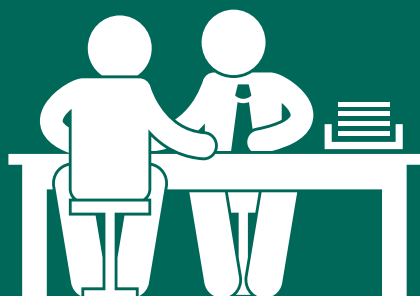
Without the cover that Principal Controlled Insurance (PCI) gives you, your local government is vulnerable to a range of risk factors that may have substantially negative impacts.

It is important to consider insurance cover for your local government's potential construction projects before any contracts are signed.

Your projects on the horizon could include anything from the building of a new toilet block at a local park, through to upgrading your administration centre or even the construction of a brand new community centre.

Perhaps your local government has received substantial funding from the State and/or Federal government or other government institutions, or you've committed revenue received from ratepayers to fund long-term projects.

To safeguard your investment in new or upgraded facilities, it is vital to ensure that all contracts for construction projects include Principal Controlled Insurance (PCI) cover.



Facing up to potential risks

When committing to building and construction projects, the project principals, such as WA Local Governments, are vulnerable to a range of potential risks.

These can include cost blowouts, missed deadlines, lost revenue, and negative media. The scenarios may result from a contractor or consultant not performing their duties, or a contractor going into administration.

How does this situation arise?

Consider the following scenario to understand how you may be negatively affected:

Local government A engages a reputable builder (contractor) to construct a new leisure centre. Under the tender specifications the contractor is responsible for providing Contract Works and Contract Works Liability policies to cover everyone involved in the project, including the local government.

The Australian Standards set the parameters of the cover – in particular that the principal is included as an additional insured, or joint insured, under the required policies.

However, we are aware this is usually not the case, and when a contractor goes into administration or receivership, the local government is left with an incomplete project.

That means the local government is left picking up the pieces in the form of retendering the project, potentially paying higher premiums to insure previously completed works, or not having any cover at all.

How PCI works to cover you

PCI is an arrangement whereby the parties involved in a building contract – including the principal (local government), the building contractor and the various sub-contractors – are automatically covered under a blanket insurance policy for all approved capital works projects.

PCI replaces the need for the contractor to arrange the contract works associated insurance cover and public liability insurance cover.

It is expected that contractors check that the principal does not pay for works insurance in addition to PCI, and that contractors separately show work insurance premiums in their tender.

Benefits of PCI

Among the many advantages of ensuring your building contracts include PCI, the following key benefits are clear:

- ▶ Greater control of risk
- ▶ Reduced administrative costs
- ▶ Elimination of insurance gaps within the various contracting parties' policies
- ▶ Elimination of cross-litigation actions
- ▶ More bargaining power to negotiate the best possible premium terms from the one insurer
- ▶ Increased flexibility in securing broad terms of cover

